



Daily Report

China

FBIS-CHI-95-108
Tuesday
6 June 1995

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General

Beijing Wants U.S. To End Annual MFN Review

OW0606092595 Beijing XINHUA in English
0915 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — China requested the U.S. side to reverse its practice of annual review of China's most-favored-nation (MFN) trading status at an early date, a Chinese Foreign Ministry spokesman said here today.

The spokesman, Shen Guofang, said this at a press conference here this afternoon when asked to comment on U.S. President Bill Clinton's recent announcement of extending China's MFN trading status.

"We have taken note of this decision of President Clinton," Shen said. "It is China's consistent view that the granting of the most favored nation trading status by China and the U.S. to each other is an arrangement benefiting both sides, the foundation of normal trade between the two countries and in the fundamental interests of the two peoples", he noted.

"It must be pointed out that the U.S. practice of annual review of China's MFN status is not conducive to the long-term stable economic relations and trade between the two countries. We request the U.S. side to reverse this practice at an early date", the spokesman said.

DPRK Objections to ROK Reactor Viewed

95CM0298A Beijing SHIJIE ZHISHI [WORLD AFFAIRS] in Chinese 16 May 95 No 10, p 23

[Article written on 3 May 1995 by Li Nengqing (7812 5174 3237): "Why Is North Korea Refusing South Korean Light Water Reactors?"]

[FBIS Translated Text] Since North Korea and the United States signed a framework agreement on nuclear issues in October 1994, North Korean-U.S. relations have improved. But while the agreement was being implemented quite smoothly, since the beginning of 1995, North Korea and the United States have been engaged in an intense dispute over the issue of who actually will provide North Korea with the two light water reactors [LWR]. On the grounds that South Korea "will play a crucial role" in this project (providing three-fourths of the funding), the United States has been pressuring North Korea to accept "South Korean" LWRs. But North Korea has been firmly rejecting that, declaring that if the United States persists in having its way, that will only force North Korea to withdraw from the framework agreement.

Why is North Korea refusing to accept "South Korean" LWRs?

1. North Korea is concerned that South Korea has not solved its problems with nuclear reactor technology. South Korea's nuclear power production makes up 75 percent of its gross power production. But while South Korea can make its own nuclear power equipment, it still imports about 20 percent of its key components from Western nations. And in recent years, when South Korea's power usage peaks in the summer, its nuclear power stations often stop operation due to breakdowns.

2. North Korea is concerned that South Korea will take advantage of its provision of LWRs to expand its influence on the Korean Peninsula, while gaining economic advantage. It is estimated that the costs of the LWRs, such as design, equipment, raw materials, construction, and testing, will add up to about \$4 billion. Based on the division of labor of the "Gaoli International Power Development Agency" to be made up of countries such as South Korea, the United States, and Japan, South Korea is to assume around 70 percent of the gross \$4 billion cost. So South Korea will gain from the deal approximately \$3 billion worth of advantage.

3. North Korea has diplomatic considerations. North Korea has used the nuclear issue as a bridge, through five years of efforts, reaching its initial goal of a direct dialog with the United States to improve bilateral relations. If North Korea acquires U.S. reactors, that will accelerate the development of North Korean-U.S. relations. But the United States has been subject to South Korean limitations, stating right from the start that it could not provide the LWRs directly to North Korea. So North Korea has given way and gone to a second line, saying that it could accept either Japanese or Russian reactors. North Korea's consideration is that with North Korean-U.S. relations having developed to the stage of the mutual installation of diplomatic representative offices, only one step away from the establishment of formal diplomatic relations, the next step will be the development of relations with the economic superpower Japan. So if Japan could provide the reactors, that would become a breakthrough in opening up North Korean-Japanese relations.

In light of the above considerations, North Korea has repeatedly emphasized that "proceeding from either political grounds or the perspective of technical security, it will absolutely not accept South Korean reactors."

On 21 April [1995], U.S. Secretary of State Christopher called on North Korea to resume talks with the United States, to keep from directly affecting the implementation of the U.S.-North Korean framework agreement on the North Korean nuclear issue. Christopher held that the issue of the LWR provider "is certainly not an unresolvable one." He also proposed elevating the nature of

the U.S.-North Korean talks, moving the talks to Geneva where the United States and North Korea had signed the 1994 framework agreement. On 22 April, a North Korean Foreign Affairs Ministry spokesman stated that North Korea would consider the U.S. proposal, responding once it had understood the real U.S. intentions. Then on 1 May, a U.S. State Department spokesman announced that the North Korean Foreign Affairs Ministry had replied to the United States, "agreeing to hold higher-level talks with the United States with no preconditions."

India, U.S. Hold Defense Cooperation Talks

OW0506085695 Beijing XINHUA in English
0653 GMT 5 Jun 95

[FBIS Transcribed Text] New Delhi, June 5 (XINHUA) — Indian Defense Secretary K.A. Nambiar is leading a high-level delegation to Washington in mid-June to hold talks with the US for enhancement of military cooperation between the two countries, official sources said here today.

The two sides would also discuss the trade in the defense sector. An agreement on mutual protection of classified information and stepped up cooperation in defense research and production would figure high in their talks, the sources said.

They would also discuss joint efforts to expand defense cooperation.

The discussion and consultations between the two countries are part of a "time-bound review of ties" in keeping with the agreement signed during US defense secretary William Perry's visit to India in January this year which covered civilian-to-civilian, service-to-service cooperation and cooperation in defense production and research.

Beijing Hosts 18th Pacific Science Congress

OW0506133795 Beijing XINHUA in English
1314 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — Over one thousand scientists from more than 50 countries and regions gathered in the Chinese capital at the 18th Pacific Science Congress to discuss important global issues of population, resources, and the environment to further develop the region.

Addressing the opening ceremony, Chinese Vice-premier Li Lanqing said that most of the countries and regions of the Pacific Ocean have had stable societies and surging economic development at a speed that is clearly higher than that of other regions.

Li said that China has always attached great importance to developing science and technology, and at present,

has a stable period of fast development which has rarely been seen, and will seize the chance to further develop its economy and co-operate with other countries in the region to seek prosperity.

The Pacific Science Congress was started by the Pacific Science Association (PSA) 75 years ago, but this is the first time for China to sponsor a conference. A number of world-famous scientists and social activists will make lectures on such important global issues as climatic and environmental changes, development and protection of resources, bio-diversification, disaster control, population control, education and culture, sustained development, north-south co-operation, and global information engineering.

Zhou Guangzhao, chairman of PSA and president of the Chinese Academy of Sciences, said at the opening ceremony that the fast economic development of the Pacific region has attracted global attention over the past few decades.

At present, the people of the Pacific region are faced with a series of important issues, such as population, resources, and the environment.

The earth's population has reached 5.5 billion and over half live in the Pacific region. Without proper controls, the number will be near 10 billion by the middle of the next century. People will develop and cultivate more natural resources to meet the increasing need of food, shelter, and daily necessities, and will greatly reduce natural resources such as energy, water, and soil, Zhou said.

Human activities such as fast developing industrial and agricultural production, and the irrational and abusive use of resources, are causing severe damage, such as the green-house effect, damage to the ozone layer, the deteriorating ecosystem, the energy crisis, large-scale extinction of biological species, and frequently occurring natural disasters, which seriously threaten living condition and restrict the development of human society.

Zhou called on scientists from all countries and regions to unite together to tackle the problems.

Scholars and officials attending included Nobel Prize winner and renowned physicist Tsung-Dao Lee, the American presidential science adviser Peter Raven, Chinese State Councillor Peng Peiyun, and the Chinese Vice-minister of the State Science and Technology Commission Deng Nan.

Li Lanqing at World Environmental Day Ceremony
OW0506135495 Beijing XINHUA in English
1329 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — China held various activities today to mark the World Environmental Day, which falls on June 5.

At the Great Hall of the People, China's National Environmental Protection Agency (NEPA) and the State Education Commission commended 44 work units, 229 individuals, and 44 textbooks for contributions to environmental education.

Vice Premier Li Lanqing said at the awards ceremony that education must be strengthened for scientific and technological progress, for increasing environmental awareness, for the use of resources, and to protect the environment for the sustained and coordinated development of society and the environment.

He said that a great effort must be made in improving education in environmental science, popularizing environmental knowledge in primary and middle schools and in kindergarten, and in improving environmental awareness among the younger generation.

Along the railway lines at the Beijing Railway Station, several hundred young men collected fast-food styrofoam boxes, plastic bags, and other rubbish in the scorching sunshine in an activity sponsored by the NEPA and the Ministry of Railways, to increase environmental awareness and get more people involved in environmental protection. Similar activities were held around the country.

"Without China's involvement, it will be very difficult for the world to succeed in environmental protection," NEPA Administrator Xie Zhenhua said. "Environmental protection is a great cause of the people, and it needs conscientious public concern and involvement. I hope that everyone can clean up and protect the environment with our own actions."

Yesterday, Chinese organizations and individuals who have been awarded or recommended for the "Global 500" award gathered. The award provides aid to environmental protection research and education. Over the past nine years, NEPA recommended 37 organizations and individuals to the United Nations Environmental Program, 17 of whom were awarded the title.

Also in Beijing today, a Chinese environmental protection project involving 300,000 US dollars worth of donation from the World Bank [WB] was highly commended by WB experts.

Walter O. Spofford, Jr., a senior advisor to the World Bank, said that the project, which was carried out

in Changzhou City in east China's Jiangsu Province, was one of the best projects he had ever seen. In the project, city planning and environmental management were successfully integrated.

U.S. Post-Cold War Global Status Viewed
95CM0296A Beijing SHIJIE ZHISHI [WORLD AFFAIRS] in Chinese 16 May 95 No 10, p 7

[Article by Zong He (1350 0735): "The U.S. Post-Cold War International Status"]

[FBIS Translated Text] **We have scientifically chosen the assessment criteria, quantifying all factors, for a full understanding of the U.S. status and the prospects for Sino-U.S. relations.**

Since the end of the Cold War, the world has seen great change, with scholars from all countries studying the developing trends of the international strategic order, and the developments in the U.S. international status being even more the focus of attention. As to that issue, the views of scholars both in China and abroad are diverse. To promote the in-depth study of that issue, the Chinese Academy of Social Sciences' U.S. Studies Institute and the WORLD AFFAIRS journal have jointly sponsored a special symposium on how to view the U.S. post-Cold War international status. Some dozens of specialists and academics from some dozen Beijing units attended the symposium, where all presented their views freely, not only setting forth many views on the issue of the U.S. status that merit study, but also expressing quite a few original views on the prospects for U.S.-China relations.

The Criteria for Designating the U.S. Status

The basic consensus of the participants was that the United States has become the only post-Cold War superpower, and is going to retain that status for some time to come. But despite the fact that there is now no force on the horizon that could pose an all-out challenge to that U.S. status, the international situation is after all different than it was. The collapse of the bipolar order characterized by the U.S.-Soviet confrontation certainly does not mean that the United States can dominate the globe all alone. Even within the Western world, due to the dissolution of the common threat, the U.S. leadership status is not what it once was. So it could be said in this sense that while the United States has become the only superpower, its international status has still "relatively declined."

As to the understanding of the matter of the U.S.'s "relative decline," the views of the participants differed. [1.] Some scholars noted that it is unscientific to reach a verdict on the U.S. decline by comparing the U.S.'s

specially prominent status in the West (and even the world) in the initial postwar [Cold War] period to the U.S.'s later status. As the initial postwar period is an exceptional situation, such a comparison would confuse the exceptional with the ordinary. [2.] As to the U.S. economic standing, certain academics held that we cannot reach a sweeping conclusion that the U.S. economic status in the world is down. Since the late 1960's and early 1970's, the U.S. share of the international economy has been essentially stable, with the United States remaining the leader in high-tech fields, as well as having great potential in other economic sectors. [3.] As to developing trends, the United States has both favorable and unfavorable aspects. The United States has a powerful capability to adjust to contingencies, having taken the lead in completing its economic structural adjustment in the 1980's ahead of other developed nations, as well as recovering its advantages in the areas of management and competitiveness. [4.] As conditions vary as to the rise, fall, or maintenance of status quo of the U.S. status by field and region, we cannot simplistically describe the U.S. status with the word "decline."

Some scholars noted that to assess the U.S. international status, it is first necessary to conduct meticulous classified studies, only after which a general conclusion can be reached. It is necessary to scientifically choose comparative criteria, doing all possible to quantify all factors. Yet others noted that as the U.S.'s problems are not mainly economic, but rather social — with certain problems being faced by all nations, particularly in the West, so certainly not being distinctive to the United States — a country's international status cannot be evaluated based on its power alone, with consideration rather needed of its will and capability in employing that power.

The participants held that the U.S. post-Cold War international status can be specifically summed up in the following areas: [1.] Militarily, while its capability is either unchanged or even stronger, its terms for the use of military might are limited, with its will also down somewhat. [2.] Economically, it is striving to maintain its current status. While it has advantages in certain areas, it remains hard to anticipate how the competition among all economic forces will actually turn out. [3.] As to politics and cultural values, while its expansionary momentum is growing, as domestic problems grow more glaring, that will be largely limited. [4.] While its role in international organizations is somewhat up, it will ultimately be hard for one nation to have the say in the resolution of many global issues. [5.] Its status is up or down by region, being down in Europe, with a cultural challenge in East Asia, while being up

somewhat in regions such as the Mideast and Latin America.

Changing U.S.-China Relations

The participants expressed many views on the prospects for U.S.-China relations, with the major judgements being: [1.] Since the end of the Cold War, China and the United States have both undergone a period of policy adjustment. The general trend in U.S.-China relations is a movement toward a mature bilateral relationship, with the interests basis having been converted from mainly the strategic interests of coping with a common threat to bilateral interests. [2.] U.S.-China relations involve both challenges and opportunities. China and the United States have deep differences, such as ideological and cultural differences and differing views on international norms. China and the United States have in common mainly reciprocal economic demand, and a dialog on a series of international issues. So correctly understanding what China and the United States have in common, to properly resolve bilateral differences, is of prime importance in keeping the U.S.-China relationship growing stably.

As to the security relationship, the recently published U.S. Defense Department report on East Asia and Asia Pacific security strategy shows that the United States has essentially completed the adjustment of its security strategy for the Asia Pacific region. In its new finalized Asia Pacific security strategy, the United States has given far more consideration to China.

As to trade relations, corresponding to the developments in political relations, U.S.-China economic and trade relations have been through the 1972-1979 resumption phase and the 1979-1989 development period, and are now gradually entering a normalization stage. The recent years of increased bilateral economic and trade friction were bound to occur, being in a certain sense the result of China's economic growth and higher international economic standing, as well as the outcome of intensified bilateral economic and trade relations. So we need to make full psychological preparations for U.S.-China trade friction.

Reform of Foreign Aid Work Viewed

OW0606042695 Beijing XINHUA in English
0202 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — As China moves gradually in the direction of a socialist market economy, assistance provided to foreign countries is facing new challenges because of changes in domestic and overseas markets.

Business operations constitute the major part of China's economic activities, and financial institutions are playing a more important role in the national economy.

The economies of developing countries in other parts of the world have also undergone big changes, marked by universal implementation of economic liberalization and private ownership of companies. The result is that they earnestly hope to attract foreign investment and expand trade with other countries, and to get assistance.

Sun Guangxiang, director general of the Department of Aid to Foreign Countries of the Ministry of Foreign Trade and Economic Cooperation, says that, under such circumstances, "Economic Cooperation between governments is not enough."

It is imperative that reform in China's operations of assistance to foreign countries be carried out to promote direct cooperation links between Chinese businesses and those of the recipient countries.

China's aid to foreign countries is an important component of diplomacy, and over the past 40 years or so, China, although not rich, offered assistance to other developing countries to the best of its ability, and this has gained praise all over the world.

Statistics show that by the end of last year, China had provided assistance to developing countries in Asia, Africa, and Latin America, as well as the Pacific rim, and helped them complete a total of 1,426 projects in the fields ranging from industry, agriculture, water conservancy, transportation, and energy to telecommunications, culture, education, public health, and urban construction.

China has also provided them with a great amount of materials and various kinds of technology, and has sent nearly 500,000 experts abroad, helping to provide training for a fairly large number of technicians.

The official quoted veteran Chinese leader Deng Xiaoping as saying that certain principles should be adhered to in providing assistance to foreign countries, namely the Eight Principles on Foreign Aid.

Specific methods should be revised, however, so as to bring more benefits to recipient countries, Deng emphasized.

Meeting the needs of the new situation, China will draw on international experience and learn from the effective methods that were applied, and will abide by the Eight Principles so that the assistance, although limited, will be able to yield better results.

The purpose of the reform is to increase the effectiveness of assistance and to help recipient countries de-

velop their national economies and boost economic cooperation and trade between China and these countries.

Sun explained what China will do in foreign aid reform:

— To adopt a method of providing low-interest government loans with preferential terms. The Export and Import Bank of China is responsible for extending such loans, with the difference in preferential and benchmark interest rates to be covered by the government.

This will be conducive to expanding both the scale of assistance and source of money supply by using both governmental and financial institutional funds.

A financial institution, as a tool for providing preferential loans, will stress loan effectiveness. This would be to the advantage of both sides and help expand cooperation in investment, technology, and equipment.

— To encourage the establishment of joint ventures and cooperative projects.

This will provide benefits to recipient countries that develop their economies and to Chinese enterprises to explore business avenues on the international market by combining foreign aid with investment, trade, and other mutually beneficial cooperation forms.

The aid to be provided by the Chinese government in future will be utilized mainly to help countries set up small- and medium-sized projects which are needed locally and where raw materials that are to be used are locally available.

Cooperation between Chinese enterprises and recipient countries will not only benefit both, but also increase the latter's income and opportunities for employment.

— To readjust the structure of assistance in an appropriate way.

A future task of China's foreign assistance is to expand the scale of government-subsidized preferential loans. In principle, China will no longer provide interest-free loans.

But, it will render free aid to those developing countries with economic difficulties when it is appropriate, and allowed by its financial ability.

At the same time, technological cooperation can be conducted among developing countries by combining free economic aid from China with funds from the United Nations development organizations.

China will use its assistance mainly for those small- and medium-sized projects which will benefit the recipient countries in developing their economies, and will increase assistance in technology, and training and education.

In addition to productive projects, it will also engage in construction of projects such as hospitals, schools, and low-cost housing which are badly needed by the recipient countries and will produce good social and economic results.

China's reform of foreign assistance operations is already well-understood by a great number of Asian and African countries.

They have stated that this is in conformity with their countries' principles of development and that it is beneficial to expanding bilateral cooperation.

The official says that he believes that this kind of reform under new circumstances will be scientific and will be constantly improved through practice.

Correction to Further on Missile Cooperation *HK0606014295*

The following correction pertains to the item headlined "Further on Missile Cooperation," published in the 2 June China DAILY REPORT, page one:

Page one, column two, paragraph seven, only sentence, make read: ...this afternoon that some progress had been made in the Sino-Vietnamese talks on land boundaries which ended a few days ago, and that both sides were satisfied with it. [passage omitted] (rewording)

Central Eurasia

Red Cross To Aid Sakhalin Quake Victims *OW0506100495 Beijing XINHUA in English* *0955 GMT 5 Jun 95*

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — The Chinese Red Cross Society announced here today that it will donate 100,000 US dollars to its Russian counterpart as humanitarian aid for the earthquake-stricken Russian island of Sakhalin.

On May 27 a severe earthquake hit the northern part of the island, resulting in many casualties and serious property losses.

Chinese President Jiang Zemin and Premier Li Peng have sent condolence telegrams respectively to Russian President Boris Yeltsin and Prime Minister Viktor Chernomyrdin to express their sympathy.

The Chinese Red Cross Society has also sent a condolence telegram to the people of the disaster area.

Hu Jintao Meets Russian Communist Party Group *OW0506133695 Beijing XINHUA in English* *1245 GMT 5 Jun 95*

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — Hu Jintao, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met with a delegation from the Communist Party of the Russian Federation (CPRF) here this afternoon.

The Russian group, led by the party's chairman Genadiy Zyuganov, is here on their first China visit at CPC's invitation.

Extending his warm welcome to the visitors, Hu said that the Chinese Communist Party is willing to "develop friendly contacts with the Russian Communist Party on principles of independence, complete equality, mutual respect and non-interference of each other's internal affairs."

The CPC is also willing to further develop the long-term, steady and mutually beneficial and good-neighborly ties between China and Russia on the basis of the five-principles of peaceful co-existence, said Hu who is also member of the Secretariat of the CPC Central Committee.

Enhanced relations between CPC and CPRF will not only augment mutual understanding, but will also help to further promote the development of the friendly cooperative ties between the two countries and the two peoples, Hu noted.

China respects the choice of the Russian people of their own road for development and hopes to see a prosperous Russia with social stability and improved life of its people, the CPC official said.

Zyuganov told Hu that the Russian people hopes for enhanced friendly ties with China, and have great interests in China's reform experience of the past decade and more.

The delegation is satisfied with the visit, which has enabled them to have a better understanding of China, Zyuganov said.

During their trip in China, Zyuganov and his party have toured Beijing, Shanghai and Zhengzhou.

On May 30, Li Shuzheng, head of the International Liaison Department of the CPC Central Committee, held talks with the Russian delegation.

Beijing Grants Scholarships to Ukrainian Students

OW0606053695 *Beijing XINHUA in English*
0214 GMT 6 Jun 95

[FBIS Transcribed Text] Kiev, June 5 (XINHUA) — China today granted scholarships to 11 Ukrainian students who are majoring in Chinese at the Kiev State University in the nation's capital.

This marks the first time the Chinese government has offered scholarships to foreign students outside of China.

At a ceremony held at the university, Chinese Ambassador to Ukraine Pan Zhanlin said the 11 students will receive the scholarship for the full five academic years.

Northeast Asia

Japanese Chemical Weapons Found in Jilin

OW0506115595 *Tokyo KYODO in English*
1115 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 KYODO — A Japanese Government delegation on Monday [5 June] confirmed the existence in China of two chemical weapons sites containing bombs and chemicals abandoned by the retreating Japanese Army in the closing months of World War II.

The delegation, made up of members from the Foreign Ministry and the Defense Agency and from civilian organizations, visited two sites in China's northeastern Jilin Province, where large caches of chemical weapons were collected and stored by the Chinese Government between 1951 and 1963, delegation spokesman Kazutoshi Aikawa told reporters.

The use of chemical weapons was banned by international convention before World War II.

The Japanese Government has agreed to underwrite the cleanup of such hazards left over from the war, in what could be the beginning of a lengthy process of demands for civilian compensation for Japanese war atrocities.

According to the Chinese Government, some 180 million chemical weapons shells were buried in Haerbaling, just outside of Dunhua city, while some 74 tons of chemical materials were buried in the city of Meihekou.

The materials represent 90 and 74 percent of the total number of bombs and stores of chemicals left behind by retreating Japanese armies, according to Chinese Government calculations.

During their five-day stay in Haerbaling, the delegation inspected some 360 chemical bombs and concluded from the yellow and red markings and the content

of the warheads that they were Japanese-manufactured mustard/leucite bombs and pepper bombs, Aikawa said.

The 360 bombs were located near the surface of one of what the Chinese said were two huge pits containing the bombs, which were collected from areas scattered around the province, but mostly concentrated in the Haerbaling area, he said.

At Meihekou, the delegation spent three days inspecting two large mounds containing the 74 tons of chemical materials.

As the chemicals were stored in two large 6-by-3 meter containers, packed in lime and concrete and then covered with dirt, the delegation could only test samples provided by the Chinese Government which proved to contain mustard and leucite, he said.

Chinese authorities further expressed concern with the chemical dump as potential seepage from the containers continued to pose an environmental threat to an adjacent river, he said.

According to Chinese documents, over 2,000 Chinese have been killed or wounded by the accidental detonation of Japanese-made bombs before and during cleanup operations.

Japanese WWII Bacteria Factory Draws Visitors

OW0606055695 *Beijing XINHUA in English*
0131 GMT 6 Jun 95

[FBIS Transcribed Text] Harbin, June 6 (XINHUA) — The ruins of a factory which caused the death of numerous Chinese, has been drawing long lines of visitors every day in recent months.

This is part of nationwide activities in China to mark the 50th anniversary of the victory of the War of Resistance Against Japan, which falls early next month.

The factory, covering four sq km on the outskirts of this capital of northeast China's Heilongjiang Province, was built by invading Japanese troops in 1936 for germ warfare experiments. When the factory was completed in 1939, the builders of key installations were killed and cremated.

Run by Unit 731 of the Japanese army, the factory had eight sections, including ones for bacteria research and germ weapon production.

The factory, equipped with 500 incubators and six boilers, each capable of producing two tons of culture liquid, could turn out 3,000 billion microorganisms in only a few days. It was also responsible for the reproduction of germ mediums such as fleas and rats.

Japanese soldiers tried out experiments on Chinese prisoners, whom they called "special materials" or "logs" for the sake of secrecy.

When the victims died, they were cremated. It was reported that about 4,000 Chinese were killed in this way.

In addition, the Japanese invaders disseminated large amounts of fleas and foodstuffs imbued with bacteria in Ningbo, Jinhua and Changde cities in east China. As a result, innumerable Chinese died of infectious diseases.

In July 1942 Japanese germ warfare troops spread typhoid fever in bottles along the Zhejiang-Jiangxi railway line and some residential quarters, causing at least 10,000 deaths.

They also forced 3,000 prisoners to eat sesame seed cakes contaminated with typhoid fever germs and then released them in order to spread the disease.

On the eve of defeat in 1945, Unit 731 killed all the remaining 600 captured Chinese they had been using for experiments and destroyed the bodies.

Three days later a Japanese engineering battalion was sent to destroy the bacteria factory.

A 87-year-old Japanese man, who approved the killing of 22 Chinese by sending them to the bacteria factory during the war, presented a bunch of flowers during a recent visit to the ruins, saying tearfully, "I am guilty." His son, who accompanied his aging father to the site, said, "I keenly regret what my father did to the Chinese people and will show the evidence of these crimes to Japanese youngsters."

Exhibition Marks Victory of Anti-Japanese War

*OW0606060495 Beijing XINHUA in English
0535 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — An exhibition of historical documents and articles opened at the Capital Museum here yesterday, showing how Beijing people devoted themselves to the eight-year war against Japanese aggression (1937-1945).

The exhibition, with its opening ceremony attended by municipal government officials, war veterans and some 3,000 visitors, marks the 50th anniversary of the victory of the war, an important part of the World Anti-Fascist War.

More than 170 photos, 60 pieces of historical relics and documents and videotapes are on show.

"We should review history and conduct education in patriotism and the revolutionary tradition among the

people, especially the youth," said He Luli, deputy mayor of Beijing, at the opening ceremony.

Exhibitions of the kind will also be held in the city's urban and suburban districts, schools, factories and army units.

Various events, such as book publication, concerts, symposiums, and a stamp exhibition, have been launched across the country to commemorate the 50th anniversary of the victories in China's War of Resistance against Japanese Aggression and the World Anti-Fascist War.

No-War Resolution, Weapons Disposal Viewed

*OW0606111595 Tokyo KYODO in English
1049 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, June 6 KYODO — China's Foreign Ministry on Tuesday [6 June] slammed recent remarks by a former Japanese foreign minister and called on Japan's legislature to overcome differences in the drafting of a resolution commemorating the 50th anniversary of the end of World War II.

"The war of aggression that Japan launched against many Asian nations and its past colonial rule of the Korean peninsula brought untold suffering to the peoples of all these countries. This is an undeniable historical fact, we hope the Japanese Government will take a very serious approach to this matter," ministry spokesman Shen Guofang said.

Shen was answering a question on the Japanese Diet's failure to reach a consensus on the war resolution last Friday, but his remarks concerning the Korean peninsula clearly referred to former Foreign Minister Michio Watanabe's remark Saturday that Japan's domination of the peninsula was the result of "a treaty formed peacefully."

"How the Japanese Government approaches and treats this history is of concern to the people of all Asian nations, including China. We hope the Japanese side will take advantage of the 50th anniversary of the end of the second world war to draw historical lessons and commit itself to peaceful development," Shen said.

Speaking to journalists, he further called on the Japanese Government to quickly dispose of some 200 million chemical weapons and over 100 tons of chemical materials left mostly in China's northeastern Jilin Province "by the invading Army" during the last few months of the war.

On Tuesday, a Japanese Governmental delegation left China after performing nearly two weeks of tests on chemical weapons and materials used in making weapons that were collected and buried after the war

by Chinese work teams. The delegation concluded that the materials were in fact left by Japan's Imperial Army.

Chinese authorities estimate that up to 2,000 Chinese have been killed or injured by accidental detonation of or exposure to such materials.

Shen, while citing Japan's repeated violations during the war of the chemical weapons convention, called on Tokyo to expeditiously dispose of the materials left by the Japanese Army as stipulated in the convention.

"We believe that the investigation by the Japanese side is but the beginning of the settlement of this issue and we hope the Japanese Government will show a responsible attitude and work to eliminate as soon as possible this potential danger threatening the lives, property and environment of the Chinese people," Shen said.

Watanabe's Remarks on Japan's Rule 'Absurd'

OW0506115095 *Beijing XINHUA in English*
1043 GMT 5 Jun 95

[FBIS Transcribed Text] Seoul, June 5 (XINHUA) — South Korean Prime Minister Yi Hong-ku said Monday [5 June] that the recent remarks made by former Japanese Foreign Minister Michio Watanabe justifying Japan's once colonial rule of Korea will harm the relations between the two countries.

The South Korean government and people cannot but express shock and worry over the absurd remarks made by Watanabe, Yi said when speaking at a senior officials' meeting here.

Speaking at a party gathering in Utsunomiya city of Japan Saturday, Watanabe, now a member of the Japanese Diet and a leader of the Liberal Democratic Party, claimed that Japan "peacefully" took over the Korean Peninsula and did not colonize it, and that Japan ruled Korea under a treaty Korean leaders signed willingly in 1910.

"Japan should not make such absurd remarks against history so lightly and should use the remarks as an opportunity to reflect on itself," Yi noted.

He said that the remarks made by one of the Japanese leaders are an obstacle to the development of the South Korea-Japan relations.

"I strongly hope that these kinds of absurd remarks will not be made again," Yi added.

On Sunday, the South Korean Foreign Ministry issued a statement denouncing Watanabe's remarks as a distortion of history.

Japan ruled Korea as a colony from 1910 until Japan's World War II defeat in 1945.

ROK, Japan Cooperate on Flight Safety Measures

OW0506155695 *Beijing XINHUA in English*
1430 GMT 5 Jun 95

[FBIS Transcribed Text] Seoul, June 5 (XINHUA) — South Korea and Japan today began to carry out an agreement to ensure safety measures to keep their military planes from air accidents when they are flying over each other's Air Defense Identification Zone (ADIZ).

The agreement, signed between the two countries early this year, requires the two sides to inform each other's flight schedules in advance if any of them plans to fly into the other's ADIZ, according to the Korean Defense Ministry.

Notification of flights by military aircraft in the airspace over the Tsushima Island must be given to the other country in advance because chances for an air accident is high in that area due to frequent sorties made by military planes from both countries.

A ministry spokesman said that the agreement will help reduce the possibilities of air accidents of the military aircraft as well as unnecessary emergency sorties by interceptors from both countries.

It will also increase the safety standards of the South Korean navy's anti-submarine patrol planes flying through Japan's ADIZ, he added.

***Article Views New Eastern Pattern of Development**

95CM0263A *Beijing SHIJIE JINGJI YU ZHENGZHI*
in Chinese 10 Feb 95 No 2, pp 61-63

[Article by Liu Guoping (0491 0948 1627), Internal Economics and Politics Research Institute, Chinese Academy of Social Sciences: "East Asian Nations Are Providing World With New Development Model"]

[FBIS Translated Text] The rapid development and sustained growth of the economy in East Asian nations are shocking the Western world. People have more and more noticed that what amazes the Western world is not only those nations' economic growth and power which give challenge to the Western world in terms of economic and overall national strength and determine the role of a nation in developing the world economy. What shocks the Western world more is the fact that none of the fast developing nations in East Asia grows in accordance with the Western traditional pattern. They have developed themselves in accordance with their own unique and brand new Eastern pattern which is totally different from the Western pattern. This has

severely challenged the Western pattern which the West has regarded as almost sacred and unshakable model that other nations must follow. Due to the fact that the pattern of development involves values and the social system, any challenge in this connection shocks the West even more greatly. It is even an issue of survival.

As seen from the history of development of East Asian nations, including Japan, the contents of this new Eastern pattern are extremely comprehensive. Moreover, different nations have different characteristics. It looks like a beautiful garden with flowers blooming in a riot of color. Here I would like to conduct a rough overall analysis of East Asia's democratic system which the West is most unwilling to recognize or tries one thousand and one ways to attack and compare it with the Western system.

On the issue of democracy, human rights and development, Western theoreticians invariably give top priority to human rights. This violates the laws of social development both in history and in reality. Nearly all developing countries in East Asia are opposed to this kind of logic. They believe that as far as a developing nation is concerned, development is of paramount importance and that without development, democracy and human rights are entirely out of question. In practice, all of them attach importance to development.

On the question of development, the West always connects development with its democratic system in the society. It stresses that without democracy, there will be no economic and social development and growth. It says that it is precisely because the Western nations have democratic systems that can they achieve economic development and social growth and become developed nations. It regards democracy as a special product and patent of the Western developed countries. It seems that only in the Western countries there exists a democratic system and that democracy is a kind of a mysterious magic wand which the Western countries feel immensely proud of. It is precisely for this reason that whenever someone talks about the threat and challenge posed by the rise of the Asian-Pacific region against the Western countries, all Western officials or scholars invariably cry out in alarm and say that "the rise of the Asian-Pacific nations proves that economic successes can be achieved even without democracy." This makes people doubt the Western pattern, particularly the beautiful trio of democracy, freedom, and prosperity, and constitutes an alarming challenge to the Western concept on democracy which has always been regarded as the pillar of the Western social system.

Practice shows that it is not wrong to link development with democracy. Indeed, in a contemporary society with a commodity economy, it would be difficult or impossible for any country to achieve high-speed economic growth and promote and modernize the entire national economy without a democratic system to keep abreast of the economic development. The Western saying that the economic successes of the East Asian countries are attained without democracy is completely unrealistic. Actually all the East Asian countries which have scored economic achievements have carried out democratic system reform as soon as their economies begin to take off and have tried hard to adapt such reform to the developing economy. With the continuous change of the economic system and structure, this kind of reform is being carried out throughout the entire process of economic development. The development of the economy, the adjustment and rectification of the economic system and the reform and improvement of the democratic system are always carried out simultaneously. It is not true that these countries have scored economic achievements without democracy. They have done this under brand new democratic systems. It is only that this kind of democratic system differs from the Western democratic system and that it has its own unique characteristics. These characteristics are mainly reflected as follows:

1. Emphasis is placed on the strong role of the government and on combining the strengths of democracy and the government. From a philosophical point of view, democracy and freedom are requirements of human instincts and represent an internal manifestation of human nature. From the angle of social development, to establish a democratic system is not an end but a means. The democratic system is formed to meet the objective requirements in social and economic development. It has a profound social, historical, cultural and practical foundation. East Asian nations which emerge from the womb of highly centralized and feudal society differ from Western countries which emerge from a feudal society with dukes and marquises conquering each other. They differ even more from the United States which raised the standard of revolt and directly emerges from the womb of a colony. Either from the point of view of cultural tradition or from that of economic development, all the democratic systems in these countries definitely could not have been established on the foundation of so-called absolute or ultra-individual freedom as advocated by Western countries. Actually absolute individual freedom is nonexistent in a society where a state still exists. It must be established on a foundation which combines democracy and relative centralization. It would not do to merely rely on individual freedom or individual work enthusiasm to attain vigorous economic development. It

is necessary to bring into full play the strong role of the state and the government for organization and direction. It is necessary to have a highly authoritative and efficient government. Efforts must be made to give full play to initiative coming from two sources. Without the latter, there would be a lack of a solid social environment, right tract and basic guarantee; while without the former, there would be a lack of a solid social foundation and a vast arena. Mutually conditional, the two are closely linked. Not a single one of those conditions can be dispensed with. All the economically fast developing countries in the East, including Japan, have developed themselves under this kind of democratic system. Westerners are apparently wrong in simply regarding this kind of strong role of the central government as a form of totalitarian rule without carefully analyzing the situation.

2. Emphasis is placed on a collective spirit and on combining democracy with a collective spirit. In a human society, all people maintain certain relations with each other. A person's behavior is individual behavior as well as social behavior. Particularly in populous Eastern nations, there exist all types of mass organizations. They not only have long histories, but also play a significant role in promoting social development. In history, most ordinary people in Western nations participated in political and social activities as individuals, thus leading to the worship of individual power and growth of individualism. Ordinary people in Eastern nations usually participate in political and social activities in the form of local, family, and mass organizations, thus leading to the reliance of collective power and advocacy of a collective spirit. Therefore, Eastern nations not only place emphasis on individual power and advocate authority, but also attach importance to collective human rights and joint democracy and freedom. That is, the democracy and freedom of an individual cannot be built on the basis with other people losing democracy and freedom. This has become a characteristics of the new democratic system of the Eastern nations.

3. Emphasis is placed on discipline and authority and on combining democracy with rigorous discipline. In either Western or Eastern countries, economy and society are kept in regular order. Democracy of any form requires the protection of rigorous discipline. However, in Western countries, people traditionally participate in political and social activities as individuals. From the very beginning, they mainly rely on legislation to maintain order and discipline. All types of refined and improved legislation is a key to establishing the democratic systems of the West. In Eastern countries, what keeps backs of the advocacy of collective organization and collective spirit is the worship of authority. This kind of historic

and cultural tradition is deeply rooted in the minds of the people in the East. In Eastern countries, it is basically impossible to maintain stability and vigorous economic development in the whole society, if there is no rigorous discipline and authority. Therefore, authority still plays a significant role in the democratic system. Particularly in the stage when the democratic system is first established and all types of laws are imperfect, authority often plays a decisive role. Even right now, in all Eastern countries, including those where their democratic system was developed relatively earlier, what guarantees the aforementioned order and discipline actually is not only legislation but also authority. It is difficult for Westerners to understand the role of authority in the democratic system in the Eastern countries. They simply regard this kind of authority as autocracy. Apparently this is inappropriate.

4. Emphasis is placed on the spirit of dedication and on combining rights and duties. In contrast to the West, where ultra-individualism and individual interests are advocated, the East has a tradition of dedicating oneself to the society and to others since ancient times. In its cultural tradition, the West overemphasizes individual interests and attaches great importance to competition and survival of the fittest. It regards the law of the jungle as absolute fair practice. This runs counter to the cultural traditions and national spirits of the East. Eastern countries pay attention not only to rights but also to duties, and attach importance not only to competition, but also to mutual support and cooperation. They call for efforts not only to become stronger but also to help the weaker. They attach equal importance to the rights they should enjoy and to the duties they should fulfill. This not only conforms with the Eastern cultural traditions and national spirits, but also to democratic systems which are more conducive to economic and social development as compared with the West. In fact, without the co-existence of rights and duties, no democracy in any form, either in the West or in the East, can possibly play its role well. It would eventually vanish.

Here let us not talk about whether or not this kind of democratic system with the aforementioned characteristics is theoretically more superior or advanced than the Western one. Practice has already proven that it is indeed most suited for the history, the cultural traditions, the national spirits, and the actual state of affairs of these East Asian countries. It was precisely under this kind of democratic system that these countries have succeeded in promoting their economic and social development rapidly and healthily in the past. In the course of further improving themselves, this kind of democratic

system will open up even broader vistas for economic and social development in these countries in the future.

Near East & South Asia

Anniversary of Israeli Invasion of Lebanon Marked
OW0606094995 Beijing XINHUA in English
0917 GMT 6 Jun 95

["Roundup" by Shao Jie]

[FBIS Transcribed Text] Beirut, June 6 (XINHUA) — No official activities were organized to mark the 13th anniversary of an Israeli invasion of Lebanon, but most Lebanese have not forgotten the event, wondering whether it had shifted gears of peace in the region.

On June 6, 1982, Israeli ex-Prime Minister Menachem Begin stood before the Knesset (parliament) and declared that the Israeli Defense Forces had rolled into Lebanon to carry out an operation aimed at making dumb artilleries of the Palestinian guerrillas.

He said that the action would stop after clearing the Palestinians from a strip 40 kilometers deep along the Israeli-Lebanese border. But the Operation Big Pines eventually went beyond that limit and resulted in the destruction of the Palestinian presence in Lebanon.

After resisting for more than two months, PLO Chairman Yasir 'Arafat evacuated his 8,000-strong Palestinian guerrillas out of Beirut for exile in seven Arab countries far away from Israel, with the PLO setting up its new headquarters in Tunis, Tunisia.

Mohammed Mashmoushi, one of local prominent political analysts, said today the Lebanese will never forget that Beirut, which used to be hailed as the economic and political center of the Arab world, was the only Arab capital once occupied by foreign troops in the history of the Arab-Israeli conflict.

Seeing that Israel pulled out its forces only after the Arabs manifested their unity with Lebanon, the Lebanese realized that their future was inseparable from the entire Arab future, Mashmoushi said.

Another political analyst, Rajeh Khoury, said that on the occasion of "this painful anniversary, circumstances seem to be open to possibilities of invasions more dangerous and fatal (than the 1982 invasion)."

The Israeli invasion 13 years ago was military, but the new invasion which might occur in the near future is a "peaceful" one which comes as a result of the Middle East peace process and the settlement, he said.

While the military invasion requires armed resistance, confrontation and suicide operations, he added, the

peaceful invasion requires a different kind of confrontation and needs planning, technology and competition.

Khoury said just as it was not envisaged 13 years ago that the PLO's departure from Lebanon would put the Palestinians on the Oslo track, "it is not clear what kind economic, industrial and commercial fragmentation we might be dragged into if the peaceful invasion occurs."

Coincidentally with this painful anniversary, Lebanese Prime Minister Rafiq al-Hariri will open tonight in the Lebanese second largest city of Tripoli the trade fair entitled "Lebanon Into the Year 2000."

This major business event, which will become a permanent international fair, will last four days, said officials of the organizing committee.

Nearly 200 Arab and foreign companies, including international corporations such as the American CNN television network and The FINANCIAL TIMES, and delegates from the United Nations and more than a dozen of foreign governments, will participate in the fair.

This is the first international trade fair held in this country since 1975 when a 15-year civil war broke out.

Qian Qichen Meets Sudanese Energy Minister
OW0506131295 Beijing XINHUA in English
1155 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen met with Sudanese Minister of Energy and Mines Muhammad Ahmad Karrar and his party here today.

Qian said China and Sudan have a long history of friendly contacts and exchanges and bilateral relations have stood the test of time. He added that the two countries maintain good cooperation in political, economic and many other aspects.

Qian said China attaches importance to cooperation with Sudan in oil industry.

Karrar arrived here June 1 at the invitation of Wang Tao, General Manager of the China Oil and Gas Corporation. During his stay in Beijing, he exchanged views with Wang on bilateral cooperation in oil industry.

Sub-Saharan Africa

Qian Qichen Meets Angolan Vice Foreign Minister
OW0506150595 Beijing XINHUA in English
1417 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian

Qichen said here today that China hopes that Angola will have peace and stability as early as possible.

Qian, in a meeting with Angolan Vice-Foreign Minister Jorge Chikoty, said that positive changes have taken place in the southern part of Africa and the changes provide favorable external conditions for Angola to achieve peace.

Qian said that the peace process in Angola has gained momentum recently, and noted that China supports the efforts of the Angolan government and people to achieve peace and said that he hopes Angola will have peace and stability at an early date.

The vice-premier emphasized that peaceful and stable domestic conditions are crucial to a country following independence.

Speaking of the international situation, Qian said that western countries should not use the pretext of human rights to interfere in the internal affairs of developing countries.

If the western countries really care about human rights, Qian was quoted by sources as saying, they should not interfere in other countries' internal affairs and they should offer more support to developing countries.

Chikoty thanked China for supporting Angola in the United Nations, and briefed Qian on the latest development in Angola's peace process, saying that there have been positive developments in his country and people are looking forward to peace.

The vice-foreign minister said that he hopes that Angola and China can cooperate in international affairs as well as in Angola's reconstruction.

During the meeting, Qian also praised the development of Sino-Angolan relations and said that bilateral relations have been growing smoothly since the establishment of diplomatic ties and that the two countries have supported each other in international affairs.

Earlier today, Chinese Vice-Foreign Minister Tian Zengpei exchanged views with Chikoty on bilateral relations and international issues of common concern.

Cape Verdean President Continues Visit

Governor Fetes Monteiro

SK0206122795 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 1 Jun 95

[FBIS Translated Text] Antonio Mascarenhas Monteiro, president of the Republic of Cape Verde, and his party arrived in Qingdao accompanied by He Guoqiang, vice minister of chemical industry, on the afternoon of 1 June to start their visit to Shandong Province. Li Chunting,

provincial governor; and Qin Jiahao, mayor of Qingdao city, welcomed them at the airport.

On behalf of the Shandong Provincial people's government, Li Chunting hosted a banquet in honor of President Monteiro and his party.

President Ends Visit

OW0306071295 Beijing XINHUA in English
0649 GMT 3 Jun 95

[FBIS Transcribed Text] Beijing, June 3 (XINHUA) — President of the Republic of Cape Verde Antonio Mascarenhas Monteiro wound up his seven-day official visit to China and left here by plane at noon today for home.

The Chinese Government Reception Committee Chairman and Vice-Minister of the Chemical Industry He Guoqiang went to see Monteiro off at the airport.

NPC Vice Chairman Meets Zambian Delegation

OW0206111495 Beijing XINHUA in English
1042 GMT 2 Jun 95

[FBIS Transcribed Text] Beijing, June 2 (XINHUA) — Wang Guangying, vice-chairman of China's National People's Congress (NPC) Standing Committee, met with a delegation of the National Youth Development Council of Zambia, here today.

Wang had a cordial conversation with the visitors, who are led by Patrick Kafumukache, Zambia's minister of youth, sports and child development and a member of Zambia's National Assembly.

The delegation started the China visit Thursday [1 June] at the invitation of All-China Youth Federation.

West Europe

Sino-European Economic, Trade Seminar Opens

OW0606015495 Beijing XINHUA Domestic Service
in Chinese 1632 GMT 26 May 95

[By reporter Huang Changrui (7806 2490 3843)]

[FBIS Translated Text] Albarella (Italy), 26 May (XINHUA) — A symposium on promoting economic and trade cooperation between Europe and China, which is sponsored by the Italy-China Chamber of Commerce and other organizations, opened here on the morning of 26 May. Attending the symposium are some 200 participants, including Leon Brittan, vice president of the European Union Commission; Zeng Peiyan, vice minister in charge of the Chinese State Planning Commission; Steno Marcegaglia, president of the Italy-China Chamber of Commerce; representatives from other chambers

of commerce set up by European and Chinese entrepreneurs; and people from economic and finance circles.

In his opening speech, Marcegaglia pointed out: At present, any enterprise that intends to safeguard its competitive position regards China as a focus of its international strategy. He suggested that Europe establish special finance institutions and banks to offer support to European enterprises that invest in China.

In his speech, Leon Brittan said: Undoubtedly, China has marched on the open market economy road. It will become the largest high science and technology market in the next decade. If Europe wants to survive in the world market, it must have a share of the Chinese market. He said: Europe should help facilitate China's negotiations with other countries on its World Trade Organization [WTO] membership.

In his speech, Zeng Peiyan said: China's economic construction, reform, and opening up achievements for the past dozen years have been remarkable and its potential for development is even greater. He pointed out: From now on, China will expand the field of attracting foreign investment from the manufacturing sector to the infrastructure, capital industries, and service sectors. China especially encourages foreign enterprises to develop China's agriculture and mining resources and to invest in the construction of energy, transportation, and communications facilities. He emphatically said: China will strengthen development in its central and western regions and will offer more policy support to these regions.

Commenting on the development of China's relations with West European countries, Zeng Peiyan pointed out: Although economic relations between China and Western Europe have developed rapidly, the progress is not significant enough to match the economic strength and scale of both sides. To further develop China's economic relations with Western Europe is not only very necessary but also favorable to both sides. In conclusion, he emphatically said: To accomplish the goal of enhancing cooperation between China and Western Europe, both sides should make joint efforts to overcome problems and difficulties encountered during cooperation. For example, West European countries should lift their unilateral discriminating restrictions on technological transfer to China and on importing products from China. They should also support China's efforts in joining the WTO. Moreover, he said: China welcomes West European enterprises to invest more in China, set up various kinds of joint ventures, and make their products more competitive.

East Europe

Outgoing Envoy Meets With Bulgarian President

OW0606053895 Beijing XINHUA in English
0153 GMT 6 Jun 95

[FBIS Transcribed Text] Sofia, June 5 (XINHUA) — Bulgarian President Zheliu Zhelev said today that he sincerely hopes the friendly relations between his country and China could be further strengthened.

The president pointed out that businessmen from the two countries should increase their contacts so as to further develop their trade and economic cooperation.

He made the remarks when he awarded a decoration to outgoing Chinese ambassador Bai Shoumian for his contribution during his term of office.

Beijing, Prague Sign Science, Technology Accord

OW0206073495 Beijing XINHUA in English
0710 GMT 2 Jun 95

[FBIS Transcribed Text] Prague, June 1 (XINHUA) — China and the Czech Republic signed an agreement on cooperation in science and technology here Thursday [1 June].

Under the agreement, the two countries will, among others, exchange scientific research information, undertake joint research programs and hold symposiums on science.

China and the Czech Republic signed an agreement on cooperation in science in 1952. The newly-signed agreement will enable the two countries to cooperate on a higher level and enhance their traditional friendship.

E. Ondracek, Vice Minister of Education, Youth and Science, and Xu Mingxing, charge d'affaires ad interim of the Chinese Embassy in Prague, signed the agreement on behalf of their respective governments.

Qian, Yugoslav Delegation Discuss Conflict

LD0506223295 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1056 GMT 5 May 95

[FBIS Translated Text] Beijing, 5 Jun (TANJUG) — China supports initiatives set in motion in the United Nations and the Security Council by Yugoslavia's neighbors because it believes that there are no reasons to keep the sanctions, Qian Qichen, vice premier and foreign minister, said today.

In the course of talks with Yugoslav Deputy Foreign Minister Radoslav Bulajic, who arrived on a several-day visit to China together with Foreign Ministry head Branko Brankovic, Minister Qian Qichen said that

the lifting of the sanctions against Yugoslavia would contribute toward the establishment of regional peace.

In the course of the lengthy talks, Yugoslav and Chinese diplomats exchanged views on the crisis in former Yugoslavia and noted their full agreement on all issues.

The two sides concluded that peace and a lasting solution to conflicts in former Yugoslavia can be reached only by peaceful means and by equal treatment of everyone involved and by taking into consideration the interests of all relevant parties.

China supports and appreciates Yugoslavia's peaceful policies aimed at finding a just political solution. Minister Qian Qichen concluded that Yugoslavia has done everything within its powers to promote a peaceful solution.

Both sides concluded that military actions cannot contribute toward efforts to resolve conflicts, but can only lead to escalation of fighting. It was stressed in the course of the talks that the two sides do not see multinational forces approved by the United Nations and under the command of national governments as a solution. This will not help solve conflicts and will not be productive in the current state of hostilities.

Analyzing the current situation in Bosnia, the Chinese and Yugoslav diplomats agreed that the UN Protection Force and its mandate ought to remain in place, possibly with some slight changes, which should be first agreed upon with all the warring sides and with the consent of all the Security Council members.

For his part the Chinese vice premier offered assurances that his country will support all peace activities and efforts aimed at reaching a political solution, while all military activities should be condemned.

Military activities by any of the warring sides, and NATO air strikes cannot resolve anything — they can only provoke a fresh conflict and threaten to escalate into a war of wider proportions, it was concluded.

Their talks also focused on the improvement of bilateral cooperation and relations between our two traditionally friendly countries. On this occasion, it was said that great progress has been reached over the past few months in all fields of cooperation.

Further exchange of top-level delegations was also agreed in order to improve regional cooperation. It was also agreed that a business delegation led by Serbian Prime Minister Mirko Marjanovic will soon visit China. They are to pay a visit to the twinned province of Heilongjiang where they will discuss concrete forms of cooperation. Last March a delegation from that Chinese province paid a visit to Serbia.

A similar delegation of the Republic of Montenegro, which has developed good cooperation with the twinned province of Guizhou, is to pay a visit to China this autumn.

The Yugoslav diplomats are to continue talks with their hosts tomorrow.

Political & Social**Beijing Security Measures Said Extended to Sep**

HK0606085295 Hong Kong SOUTH CHINA
MORNING POST in English 6 Jun 95 p 9

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] Beijing's "state of emergency" to cover the anniversary of the Tiananmen massacre has been extended until September, say security sources.

President Jiang Zemin told senior security and army cadres of the decision at a meeting in Zhongnanhai, the Party headquarters.

It included top leaders of the Ministry of Public Security and the People's Armed Police, plus officers from the Beijing military region with the rank of army commander or above.

Since the 1989 crackdown, security has been stepped up in the Beijing region every year from late May to around June 6.

The main reason for the extension this year is the health of patriarch Deng Xiaoping.

Mr Jiang, accompanied at the meeting by General Liu Huaqing, Vice-Chairman of the Central Military Commission, made no direct reference to Mr Deng.

However, he stressed the need to maintain law and order "in the new era" and at a time of heightened "infiltration by hostile foreign forces".

For the first time since martial law was lifted in 1990, the Beijing military region has become heavily involved in security matters.

Meanwhile, sources close to the Deng household said yesterday the patriarch's health had declined further.

"The frequency of Deng's lapses into unconsciousness has increased, said a source.

"When the symptom first appeared early this year, the periods of unconsciousness lasted for 10 minutes or so. Now, it's 20 minutes or more."

The source said Mr Deng's medical team had repeated their confidence in keeping him alive till August, meaning death could come any time after that.

Beijing is awash with rumours that after having suffered a stroke on April 27, he has been in a "vegetative state".

"Jiang Zemin has a big say over when to disengage the life support system sustaining Deng," a Western diplomat said.

"For the moment, however, it is to Jiang's advantage to keep him alive."

The diplomat added that Mr Jiang's control of the security apparatus in Beijing would also help him consolidate power immediately after Mr Deng's demise.

Chinese and foreign observers in Beijing have dismissed the ritualistic assurances provided by Mr Deng's offspring that the 90-year-old is still in good health.

Mr Deng's second daughter Deng Nan told Hong Kong reporters in Beijing yesterday that he could watch television and take a stroll after dinner.

"If the distance is not too far, he prefers to walk rather than ride in a wheelchair. His health is really very good," Ms Deng said, adding that he only had the "occasional cold".

Ms Deng, a vice-minister responsible for science and technology, said her father still wanted to go to Hong Kong after 1997.

Apart from increasing security in the capital, the Jiang leadership has also decided to put a freeze on potentially de-stabilising political developments.

The results of investigations into the corruption cases involving the Beijing municipal leadership and the Shougang Corporation are likely to be kept under wraps till after Mr Deng's demise.

Beijing's former party secretary Chen Xitong has not been formally arrested even though the prosecutor's office has managed to collect impressive evidence of his alleged corruption.

Daughter Says Deng Xiaoping's Health 'Very Good'

BK0506115495 Hong Kong AFP in English
1142 GMT 5 Jun 95

[FBIS Transcribed Text] Hong Kong, June 5 (AFP) — China's paramount leader Deng Xiaoping, who will be 91 in August, remains in good health and still wants to come to Hong Kong after it reverts to Chinese rule in 1997, one of his daughters said Monday.

Deng Nan, a vice minister in China's state science and technology commission, said in Beijing that her father has the occasional cold, and that he went to hospital several times a year for check-ups.

But she said her father — who has not been seen in public since February 1994 — still watched the television news every day, and that he enjoys taking a stroll after dinner, Hong Kong's TVB television station reported.

"If the distance is not too far, he prefers to walk rather than ride in a wheelchair. His health is really very good,"

she said, adding that it was still her father's wish to go to Hong Kong after 1997.

Various Hong Kong and foreign press reports have claimed in recent weeks that Deng, the architect of China's economic reforms, has run a fever, gone into a coma or lost the ability to see clearly.

Deng's five children repeatedly claim their father is okay, while the Chinese Foreign Ministry says he is in good health for a man of his age.

Deng Nan spoke after a seminar in Beijing devoted to a May 26 policy speech by China's state president and communist party general secretary Jiang Zemin, which was given prominence in the state-run media on Monday.

Jiang is Deng's designated political successor.

Further on Comments

HK0606012095 Beijing ZHONGGUO XINWEN SHE
in English 1331 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (CNS) — Deng Nan, daughter of Deng Xiaoping, told reporters this afternoon that her father's health was still quite good. Should such his healthy state continue, according to Ms. Deng, it would not be a problem for her father to visit Hong Kong in 1997 when the territory will revert to its motherland.

Ms. Deng revealed that her father insisted on taking a very short walk every day, without the aid of a wheelchair.

She also expressed her grievance against the many rumours on her father's state of health. she said with irony that her father should have died hundreds of times based on such rumours.

Ms. Deng who is the Vice Minister of the State Science and Technology Commission made the remarks at the opening session of the 18th Pacific Scientific Conference, during which she delivered a speech on China's scientific development into the next century.

Li Ruihuan on Nationality, Religious Work

HK0606045095 Beijing QIUSHI in Chinese 1 Apr 95
No 7, pp 2-6

[Article by Li Ruihuan (2621 3843 3883): "Several Issues Concerning Nationality and Religious Work in the New Situation"; asterisked editor's note at the bottom of page two states: "This article is an abridged version of speeches made by Comrade Li Ruihuan in discussions with participants of a course on nationality and religious work in the new situation on 4 July 1994

and with people of minority nationalities from various walks of life on 8 September 1994."]

[FBIS Translated Text] I. Fully Understand the Importance of Nationality Work

Nationality work has always been a task of great importance in China.

First, it concerns national unity. China is made up of 1.2 billion people of 56 nationalities, living on 9.6 million square kilometers of land. Each nationality is an indispensable member of this great multinational country. Minority people in China have a combined population of nearly 100 million, residing in various parts of the country. There are 157 national autonomous areas, which make up 64 percent of the total land area of China. Hence we always base ourselves on unity among the people of all nationalities when we talk about the unity of the people, territorial integrity and national unity. Without unity among the people of all nationalities, China will find itself in turmoil and will disintegrate, and China will cease to be China.

Second, it concerns social stability. Nationalities are products of history. In the course of history, different nationalities developed their own customs, habits, languages and ways of life. Differences between different nationalities are an objective reality, and when there are differences, there are contradictions. The proper resolution of these contradictions will always be an extremely important task in the maintenance of social stability. History and reality have repeatedly proved that when contradictions in the minority areas are properly resolved, and relations among different nationalities are in good harmony, there are favorable conditions for the maintenance of political and social stability. Otherwise, the situation of stability and unity will be affected.

Third, it concerns economic development. When we talk about modernization, the improvement of overall national strength and the realization of the strategic "three-step objectives," we have the whole Chinese nation, including all minority nationalities, in mind. If the economy of the minority areas remains in a backward state for a long time, our grand objectives will have no way of becoming a reality. If the economies of these areas cannot be invigorated, the developed areas will have trouble keeping up their economic development due to their limited resources and market.

Fourth, it concerns the consolidation of border defense. China has 21,000 kilometers of land borders, most of which are in the minority areas, with 15,000 kilometers in Nei Monggol, Xinjiang, and the Tibet and Guangxi autonomous regions alone. Only by properly developing the minority areas, further stimulating the

patriotic fervor of the masses of all nationalities, and jointly shouldering the noble mission of defending the territory will we be able to build an indestructible great wall of defense and guard the territory handed down by our forefathers against invasion and encroachment by outside forces.

Fifth, it concerns the improvement of the quality of the whole people. The improvement of the overall quality of the people is the basic content of and basic condition for building a powerful, democratic, civilized, and modern socialist country. We cannot talk about improving the overall quality of the Chinese nation without vigorously pushing forward economic development and social progress in the minority areas and without effectively raising the ideological, moral, scientific and cultural levels of the 100 million people of minority nationalities.

Sixth, it concerns the frustration of schemes perpetrated by international hostile forces. In contemporary world politics, nationality affairs are becoming increasingly important and are major causes of unrest, splits, and disintegration in many parts of the world. International hostile forces have also been trying to sow discord between people of different minority nationalities in China in their attempt to contain China and to create troubles in China. Only by paying close attention to and doing a good job in the handling of nationality affairs, prudently and properly handling relations between different minority nationalities, and conscientiously consolidating the unity of the nationalities will we be able to take the initiative in our own hands and be invincible in complicated international struggles.

II. The Primary Task in the Minority Areas Is To Develop the Economy and Improve the People's Livelihood

Minority areas indeed are quite backward in their economies. Although they have made significant progress in economic development and have made great improvements in the appearance of the urban and rural areas since the commencement of reform and opening up, on the whole they have not yet shaken off their economic backwardness. These areas were underdeveloped in the past and are now lagging behind in development. Hence, there is a widening gap between them and the rest of the country, particularly the developed areas. They do not have a very rational industrial structure and product mix to begin with. They are also in great financial difficulties and are short of funds. In the face of intense market competition, they are unlikely to be able to cope in the near future. The minority areas have their strong points and potential. Fettered by poor transport, energy supply, telecommu-

nications and other infrastructural facilities, however, these strong points and potential cannot be brought into play for the time being. We must fully understand the acuteness and urgency of this situation, and make a determined and vigorous effort to boost the economy in these areas. Otherwise they will become even more backward.

Most people living in the minority areas live in straitened circumstances. The standard of living in the minority areas has greatly improved since the beginning of reform and opening up. Due to historical and objective conditions, however, the average income and living standards in these areas still lag far behind those in the coastal areas. The majority of the 80 million people in the country who have not yet secured a stable life, particularly the 27 million who are living in absolute poverty, are found in the minority areas. In the arid deserts, frigid and humid regions, as well as barren and hilly areas, some people have difficulty getting drinking water, let alone secure medical treatment and schooling for their children. In places such as Kashi and Hotan in Xinjiang, many people have to drink "water in rain puddles." What this means is that a hole is dug in the ground for collecting rain water in summer, which is to be the source of water for a whole village for the rest of the year. Since the water is always polluted, people often get sick drinking it. This situation is due in part to objective reasons, the fundamental solution of which no doubt takes time. However, it is also due to the fact that some of our comrades have turned a blind eye to the difficulties experienced by the masses. They talk about the problems without doing anything about them, and fail to take effective steps to solve the problems. Ours is a socialist country and our party is a party which works for the well-being of the people. It is only natural that we should lose sleep over the plight of the masses. It is much more difficult developing the economy and improving the people's livelihood in the minority areas. Two conditions must be met. First, there must be prestige on the part of leaders; second, there must be morale on the part of the masses. If the leaders have no prestige and cannot command the three armed forces, and if the masses are low in morale, nothing can be done. Where does the prestige of leaders come from? It can neither be handed down by the higher authorities, nor can it be generated through the use of force, by one's own wishful thinking or bragging, or by clever tricks. Only he who wholeheartedly, unreservedly and unremittingly serves the masses will command prestige. The masses will only demonstrate vigor and enthusiasm and truly bestir themselves if they can secure tangible interests; they must have hope and aspiration in the course of their pioneering endeavors. The improvement of the people's livelihood in the course of developing the economy and

the development of the economy for the sake of improving the people's livelihood have more pronounced and practical significance in the minority areas where the masses still live in straitened circumstances.

Work in the minority areas constitutes an interrelated and organic whole. The implementation of nationality and religious policies; the upholding and improvement of the system of regional autonomy; the development of national education, science and technology, culture, and public health; the cultivation of minority nationality cadres; the strengthening of the unity of the nationalities; the maintenance of social stability; and so on, are all important tasks that must be grasped well. All these tasks are in keeping with the development of the economy and the improvement of the people's livelihood. If these tasks are not grasped well, there will be no precondition and guarantee for economic development and the improvement of the people's livelihood. Similarly, if the economy remains underdeveloped and no improvement has been made in the livelihood of the masses for a long time, it is unlikely that these tasks can be successfully accomplished.

Practice proves that economic backwardness can lead to backwardness in a series of other things, and economic development can bring about the development of many other things. All work in the minority areas should be carried out in the course of developing the economy and improving the people's livelihood.

III. Do Good Job of the Important Task of Developing Resources

The key to economic development in the minority areas lies in doing a good job of the development of resources. The acceleration of economic development in the minority areas is impossible without the all-out support of the state, the assistance of the developed areas, and, more importantly, their own self-reliance and great vigor. In order to be able to truly shake off poverty and bring about prosperity, minority areas must find for themselves a road of development that is suited to local needs and which can bring their strong points into play. For the vast majority of minority areas, the road of development is to do a good job of the important task of developing their resources.

A distinctive feature of the minority areas is that they are vast in size, sparsely populated, and rich in resources. Taking the development of resources as the strategic orientation in the economic development of minority areas and speeding up the process of turning resource superiority into economic superiority is an effective and reliable approach to achieve economic invigoration in the minority areas. Support to be given by the state to the minority areas and assistance to

be rendered them by the developed areas should both be directed at the development of resources. When developing the resources of the minority areas, all trades and professions and all departments must combine their efforts with local economic development, give it meaning as a help-the-poor endeavor and, as far as possible use more local labor, increase the percentage of resources processed and utilized locally, and promote the development of local industries and infrastructural construction, so as to improve the material and cultural living standards of the local people and promote the development of various local undertakings. In some minority areas, the ecological environment is poor although they are rich in resources. In these areas, it is necessary to closely combine the development of resources with the protection of resources to promote the continuous utilization of resources and the improvement of the ecological environment.

Doing a good job of the opening up and development of the minority areas is not only an important question in the development of the minority areas but is a task of great strategic importance to the future development of the whole country. As the industrial center of China, the eastern coastal areas are in a superior position in terms of funds, technology, manpower and managerial know-how. If we can combine these with the superiority enjoyed by the minority areas in terms of resources and make them complement one another, we will be able to bring about greater development in our country. Hence, everyone who is concerned about the unity of the nationalities, the invigoration of the country and the destiny of future generations must show concern for the economic development of the minority areas and must feel duty-bound to contribute their share toward this task.

IV. Correctly Grasp Our Party's Basic Viewpoint and Basic Policies on Nationality and Religious Questions

In order to do well in nationality and religious work, it is necessary to correctly understand and fully grasp the basic viewpoints and basic policies of our party on nationality and religious affairs.

The following are the main basic viewpoints and basic policies on nationality questions:

1. The birth, development and dying out of a nation constitute a long historical process, and nationality questions will be there for a long time to come.
2. The stage of socialism is a period of common prosperity for all nationalities. Factors in common between different nationalities will continue to increase,

but national characteristics and disparities also will continue to exist.

3. Nationality questions are part and parcel of social problems as a whole. Nationality questions can only be gradually resolved in the process of the solution of social problems as a whole, and nationality questions at the present stage can only be gradually resolved through the common cause of building socialism.

4. Regardless of their population, history and degree of development, all nationalities have made contributions toward the civilization of the motherland and thus should be treated equally. It is thus necessary to strengthen the great unity of the nationalities and safeguard the unity of the country.

5. Vigorously developing the economy is the fundamental task of socialism. It is also the fundamental task of our country's nationality work at the present stage. All nationalities must help one another to achieve common progress and prosperity.

6. Autonomy for the minority areas is an important contribution made by the CPC toward the Marxist theory on nationality questions. It is also the basic system for resolving nationality questions in our country.

7. Striving to build up a strong contingent of minority nationality cadres who have both moral integrity and ability is the key to doing a good job of nationality work.

8. Since nationality and religious questions are entwined in some places, in our handling of nationality questions we must pay attention to the correct implementation of the party's religious policies.

The following are the main basic viewpoints and basic policies on religious questions:

1. The birth, development and dying out of religion constitute a process which will exist for a long time in the socialist society. We cannot resort to administrative means to eliminate religion, neither can we rely on administrative means to develop religion.

2. Religious freedom is protected by the state constitution. Citizens have the freedom to believe in religion as well as the freedom not to believe in religion.

3. The fundamental interests of atheists and religious believers in political and economic matters coincide, while differences in ideology and belief are only secondary. Efforts must be made to uphold unity and cooperation in politics and to respect one another in belief.

4. Contradictions in religious matters in our country are essentially contradictions among the people, but

confrontation may arise under given conditions and circumstances.

5. Religious activities must be conducted within legal and policy frameworks. The state manages religious affairs and protects normal religious activities in accordance with the law, and prohibits and deals blows at criminal acts in violation of the law.

6. It is necessary to uphold the principle of running churches independently and by taking the initiative in our own hands, to oppose interference by outside religious organizations and individuals in the religious affairs of our country, and to resist attempts by hostile forces to make use of religion in perpetrating infiltration.

7. Efforts must be made to win over, unite with and educate people in religious circles, cultivate patriotic full-time religious personnel of the younger generation in a planned way, and fully bring the role of patriotic religious bodies into play.

8. Positive efforts must be made to guide religion to meet the needs of the socialist society.

What is meant by "meeting the needs" is that religion must abide by the laws, statutes, principles and policies of the state in the present stage of the socialist society. The law protects the freedom of religious belief, and religion must operate within the framework of the law and act in accordance with the principles and policies of the state.

V. Uphold the Banners of Protecting the Interests of the People and Defending the Dignity of the Law

Nationality and religious questions are important questions. They are also complicated questions. They often involve the people in their millions, sometimes even international factors. Hence, the handling of nationality and religious questions is a task with strong policy implications which must be treated with great prudence.

In the handling of nationality and religious questions, it is necessary to act in strict accordance with the relevant policies of the central authorities. Failure to correctly comprehend and effectively implement the guiding principles and policies of the central authorities is bound to result in a loss of bearing in concrete work. It may even delay other major tasks and lead to serious consequences. In implementing the policies of the central authorities, it is necessary to proceed from reality, seek truth from facts, make concrete analysis of concrete problems, and work out concrete solutions for concrete problems. Our mistakes in the handling of this kind of questions in the past were due in part to a departure from the policies of the central authorities; but most of all, they stemmed from the fact that we

did not have a thorough understanding of the situation and failed to accurately determine the nature of the problems. We adopted the wrong measures and, after some twists and turns, were compelled to "implement the policies" again.

At this stage, nationality and religious problems arising in our country are mainly contradictions among the people. However, we do not preclude the fact that some problems are of an antagonistic nature.

Contradictions among the people can only be resolved through patient reasoning and the improvement of our work. On no account must we treat non-antagonistic problems as antagonistic ones and create enemies; neither should we court trouble by sharpening non-antagonistic contradictions into antagonistic ones. We must not lower our guard against people who stir up trouble or create turmoil using nationality and religious questions as an excuse. We must be strict and resolute in dealing with these instances. In instances such as these, non-antagonistic contradictions and antagonistic contradictions are often entwined and people who are in the dark are sometimes mistaken for people with ulterior motives. This often makes our work that much more difficult. It has been proved by facts that to correctly comprehend and understand problems like these, it is necessary to uphold the two banners of protecting the interests of the people and defending the dignity of the law. No one who jeopardizes the interests of the people and tramples upon the dignity of the law for whatever reason will be tolerated; such acts must be resolutely stopped.

VI. Make Great Efforts to Train and Make Use of Minority Nationality Cadres

To do a good job of nationality work and properly resolve nationality questions, it is necessary to have a strong contingent of minority nationality cadres who have both moral integrity and ability. This is a fundamental piece of experience which our party has gained over the years. Under the present new situation of reform, opening up and developing a socialist market economy, the cultivation, selection and use of minority nationality cadres are also faced with new tasks. The vast number of outstanding minority nationality cadres cultivated around the time of the liberation of our country have played an important role in and made major contributions to the maintenance of the unity of the nationalities and the economic development of the minority areas. Today, most of them have retired or are retiring. Minority nationality cadres at various levels who have grown to maturity in recent years have demonstrated strong points and characteristics different to those of their predecessors in their ideological con-

cepts, intellect, spiritual outlook and other aspects. However, this contingent is still not large or strong enough on the whole and cannot meet the needs of the developing situation. In recent years, the party Central Committee with Comrade Jiang Zemin at the core has attached great importance to this question, and the relevant principles and policies have been very clearly spelled out. In my opinion, the most pressing task at present is to implement the principles and policies of the central authorities in a conscientious, down-to-earth and thoroughgoing way, and see to it that minority nationality cadres are energetically cultivated, boldly promoted, fully trusted, and given a free hand. Due to the relative backwardness in the economic, educational and cultural development of the minority areas, which has its historical reasons and cannot be overcome overnight, the vast number of minority nationality cadres have encountered objective difficulties and obstacles in their growth and improvement. This makes it necessary for us to really exert ourselves, try to create and provide as many special conditions and opportunities to them as possible, and discover and select qualified personnel without being tied to conventions. Minority nationality cadres are organic components of our party's cadre ranks. They are the bridge and link through which our party and government unite and keep in touch with the people of minority nationalities. In many ways, they are playing a role and exerting an influence which cannot be replaced, at least cannot be easily be replaced, by cadres of Han nationality. In the actual unfolding of work among the nationalities, in particular, it is often twice as effective to let certain things be spoken through the mouth of minority nationality cadres, handled by them or put under their personal charge. As the leader and helmsman of our great family of nationalities, we communists must truly and extensively unite the cadres and people of all nationalities with a strategic eye and with breadth of vision, work with one heart and one mind, help one another, and work hard together to maintain unity and invigorate China.

Hu Jintao Addresses Children's Day Meeting

HK0606084695 Beijing CHINA DAILY in English
5 Jun p 1

[Article by Xu Yang: "Children Key To Future"]

[FBIS Transcribed Text] Government and Party leaders at all levels have been urged by a top Chinese leader to attach great importance to the healthy development of children.

Addressing a grand meeting in Beijing on International Children's Day yesterday, Hu Jintao, a member of the Chinese Communist Party Politburo Standing Commit-

tee, said: "We must approach this question from a high plane of the Party and nation's future and destiny."

The meeting also marked the opening of the Third National Congress of Chinese Young Pioneers—a mass organization of children ages 7 to 14. Almost all Chinese children have joined the Young Pioneers, which boasts a membership of 130 million nationwide.

Hu told yesterday's grand meeting, attended by 4,000 children from Beijing and 266 children and 284 pioneer tutors from other parts of China, that Party and government leaders at all levels should try to create a good environment for the all-round development of the younger generation.

Hu also defined the meaning of "all-round development" for today's children, who are to meet the challenge of a new century.

A member of the next generation should have determination to work for the advancement of the country, noble morality, excellent mastery of knowledge and creativity, good health and an optimistic outlook.

Hu stressed educating the children with patriotism, collective spirit and socialist theories as well as the traditional values.

The Young Pioneers was set up on October 13, 1949, shortly after the founding of the People's Republic. But its foremost organization "the Labour Children Regiment" dates back to 1926.

Now it is under the oversight of the National Work Committee of Young Pioneers (NWCYP), which decided in 1984 to let children be members of the national congress instead of the adults alone discussing the children's issues.

This congress is to revise the constitution of the organization, which will put more emphasis on the youngsters' participation in social activities.

NWCYP launched a "Cross-Century Fledgling Eagles move" late in 1993 to foster "qualified constructors and successors of socialist enterprise for the 21st century" by improving the social responsibility, independence and technical awareness of the country's children.

Ding Guangen Sets 12 Demands on Party Newspapers

*HK0606034495 Hong Kong MING PAO in Chinese
18 Apr 95 p A2*

["Special dispatch": "Ding Guangen Sets 12 Demands on Party Newspapers Throughout the Country, Urging Them To Defend Central Authority"]

[FBIS Translated Text] Ding Guangen, member of the Political Bureau and head of the Central Propaganda Department of the CPC Central Committee in charge of cultural and propaganda work, set 12 demands on the chief editors of party newspapers throughout the country at a recent meeting.

According to XINWEN CHUBAN BAO [PRESS AND PUBLICATION NEWS], in his talk at the seminar for the chief editors of provincial-level party newspapers throughout the country, Ding Guangen pointed out that identifying oneself politically, ideologically, and in action with the CPC Central Committee is a fundamental duty of party newspapers as well as a political discipline that must be observed. Party newspapers should correctly publicize the central spirit, resolutely defend the central authority, and ensure the smooth enforcement of the central decrees.

Ding Guangen called on the leading bodies of party newspapers to sharpen their political acumen and be sober-minded, widen their field of vision and be well-informed, and frequently discuss major events, understand the overall situation, and conscientiously grasp the central spirit.

He noted: It is very important that news should be new and effective for a given period of time, but effectiveness should be subordinate to truthfulness and accuracy. Facts should be accurate while analysis should be scientific. Concrete facts should not only be true and accurate, some of them should also accurately reflect the nature and development of things as a whole.

Ding Guangen set 12 demands on the chief editors of party newspapers throughout the country as follows: 1) identify oneself with the party Central Committee; 2) go deep among masses; 3) be accurate and distinct; 4) grasp "intensity" [du 1653] well; 5) guide hot topics; 6) supervise by public opinion; 7) give publicity by typical examples; 8) form joint forces; 9) deepen reform; 10) strengthen management; 11) train more qualified personnel; and 12) stick to one's post.

Ding Guangen pointed out to newspapers leaders that they should guard against one tendency concealing another, and avoid stressing one side and ignoring another. At a certain period propaganda should have its emphasis

but we should maintain the continuity of the keynote. We should not deal with things indiscriminately; still less should we give people the impression that the policies are changeable and make people feel at a loss as to what to do.

On the question of guiding hot topics, Ding Guangen stressed the need to "avoid searching for strange events, unilaterally seeking sensational effects, intensifying contradictions, and producing negative effects."

With regard to supervision by public opinion, Ding Guangen said: It is necessary to accurately report facts and cautiously criticize people by name. Focus should be placed on improving work, solving problems, strengthening unity, and safeguarding stability. It is important to avoid using freezing irony and burning satire, as well as biting sarcasm.

Ding Guangen disclosed that China currently has over 2,000 kinds of newspapers, over 1,000 radio stations, over 1,000 TV stations, and over 1,000 cable TV stations. When competing with one another, they should create their own characteristics and stress cooperation. He called on party newspapers in various localities to promptly publish important XINHUA news, and reprint important RENMIN RIBAO editorials and articles.

Ding Guangen also called on the chief editors of party newspapers to perform their duties with the attitude of "sticking to one's post."

He said journalistic work is closely linked to politics and policy. The slightest negligence may lead to major problems. Given the heavy burdens and responsibilities, the chief editors of party newspapers must heighten the awareness of ensuring political soundness in an extremely conscientious and responsible manner. Making no mistakes at all in newspapers which publish tens of thousands of characters everyday is not easy. However, no major issues or issues related to guidance, politics, and principle should crop up.

He added: It is necessary to pay attention to advertisements and business operations. It should be made clear, however, that they help run the newspapers well, and that the order of importance should not be reversed.

Hu Jintao 'Number Four' in Party Power Structure
HK0606085195 Hong Kong EASTERN EXPRESS
in English 6 Jun 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] A politburo standing committee member, Hu Jintao, has been given overall control of the Beijing municipality and made number four in the party power structure, sources have revealed.

It is the clearest indication yet that the former Tibet party secretary is in the front-running to take a key post in the "fourth generation" leadership expected to be chosen at a party plenum in late 1997.

Hu, 52, was given the role of handling "liaison and coordination" with Beijing city officials following the sacking and arrest of the former municipal party secretary Chen Xitong in April, the sources said.

This was understood to include the investigation of corruption charges against dismissed and current officials as well as the maintenance of stability and investor confidence in the capital.

It is the first time since the Cultural Revolution period from 1966 to 1978 that the central government has put the capital under its direct control, reflecting the leadership's concern about possible fallout from the purge.

It is not known how long the arrangement will last.

The selection of Hu for the delicate task was suggested by the party general secretary, Jiang Zemin, the sources said.

Hu's expansion of authority has meant a moderate shakeup in the party pecking order, they added. He has now leapt ahead of the liberal politburo standing committee members Qiao Shi and Li Ruihuan.

As a result, after Jiang, only the Premier, Li Peng, and Vice-Premier, Zhu Rongji, are more senior than Hu.

"These four are now considered the 'core' of the leadership," one source said.

Hu has recently been seen as a defender and possible successor to Jiang in the national leadership. At the party's 15th major plenum in late 1997, Li Peng and possibly Jiang and Zhu will step down.

Jiang is apparently trying to guard against a coup at the plenum by installing his supporters in key posts now.

Hu acted as closest adviser to Jiang in the three tense weeks between the suicide of the Beijing vice-mayor Wang Baosen on April 4 and the sacking of Chen.

A planned two-week inspection of central provinces was cut down to a week so that he could remain in the capital, a source noted.

Hu's go-between work is credited with maintaining a relatively stable situation throughout April until investigators concluded that Chen was up to his neck in corruption and had to go.

Hu announced the decision to "accept the resignation" of Chen at a closed-door meeting of Beijing cadres on April 27, the day before it was made public.

He said the removal would "help improve Beijing's stability and smooth continuation of the city's work in all areas", official reports said later.

During a tour of Fujian province two weeks ago, his first since the Beijing upheaval, Hu called on officials to "stand firm against the allures of power and money" and not "seek profits by abusing their power".

Eighth CPPCC Standing Committee Meeting Opens

OW0606060895 Beijing XINHUA Domestic Service in Chinese 0951 GMT 2 Jun 95

[FBIS Translated Text] Beijing, 2 Jun (XINHUA) — The Eighth Standing Committee of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] began its 13th meeting today.

Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee and chairman of the CPPCC National Committee, presided over the meeting.

The meeting's major agenda includes: Study and carry out the "CPPCC National Committee Stipulation on Political Consultation, Democratic Supervision, and Political Participation and Discussion" with an eye to further promote the standardization and institutionalization of CPPCC functions, and examine and adopt the "General Rules Governing CPPCC National Committee Special Committees (revised version)."

Ye Xuanping, vice chairman of the CPPCC National Committee, addressed the meeting. He said: For a long time, CPPCC committees at all levels have consciously carry out their functions, done a great amount of work, and scored magnificent achievements. Early this year, we adopted the "CPPCC National Committee Stipulation on Political Consultation, Democratic Supervision, and Political Participation and Discussion" and the CPC Central Committee issued a circular to further specify the nature, status, and functions of the people's political consultative conference. The circular urged various localities and departments to take into consideration their practical situation in implementing the "Stipulation" and to create favorable conditions for the CPPCC's tasks. This circular showed that the CPC Central Committee attaches great importance to and places high hopes on the people's political consultative conference. The circular is of great significance to upholding and perfecting the system of multiparty cooperation and political consultation led by the CPC, to promoting the construction of a socialist democratic political system, and to the role

of the people's consultative conference in building socialism with Chinese characteristics.

Ye Xuanping said: To carry out the "Stipulation," we should focus on the major task of standardizing and institutionalizing the CPPCC's functions and pay attention to work in the following fields:

First, to accomplish the basic task of standardizing and institutionalizing CPPCC functions, we should proceed from upholding and perfecting the system of multiparty cooperation and political consultation that is led by the CPC, from the overall interest of safeguarding development and stability, and from the CPPCC's practical work to vigorously and steadily promote the standardization and institutionalization of the CPPCC's functions in a planned way. Second, the spirit of standardization and institutionalization is reflected in relevant working regulations, procedures, and methods. To carry out the CPPCC's functions in various fields, we need to earnestly summarize practical experiences, gradually avoid impromptu actions, and develop an operational working system step by step. We must carry out and continuously supplement and perfect current systems to gradually make them more suitable. Third, we must promptly review experiences gained from implementing the "Stipulation" and actively promote successful implementing measures taken by CPPCC committees in various localities and consciously solve problems emerging during implementation.

Ye Xuanping hoped that meeting participants would seriously study Comrade Deng Xiaoping's important expositions on united front work and the CPPCC under a new period, study the CPC Central Committee's important directions about the CPPCC's work, carry out the "circular" and the "stipulation," speak up freely, and contribute their wisdom to make the meeting a success.

Wu Xueqian, Yang Rudai, Wang Zhaoguo, Ngapoi Ngawang Jigme, Seypidin Aze, Hong Xuezhi, Deng Zhaoxiang, Zhao Puchu, Qian Weichang, Hu Sheng, Qian Zhengying, Ding Guangshun, Sun Fuling, Ma Man-kei, and Wan Guoquan, vice chairmen of the CPPCC National Committee; and Zhu Shun, secretary general, attended today's meeting.

Li Ruihuan Gives Speech

OW0506153295 Beijing XINHUA in English 1430 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — The Chinese People's Political Consultative Conference (CPPCC) was urged today by the chairman of its national committee, Li Ruihuan, to handle well the functions of political consultation, democratic supervision and participation in governmental affairs.

The CPPCC, comprising representatives from all political parties, religions, and all walks of life in China, "should have a clear understanding of the situation and grasp the opportunity to make substantial progress in fulfilling the roles given by the constitution," Li said.

Li, also a standing committee member of the Political Bureau of the Chinese Communist Party Central Committee, made the remarks in a speech at the closing meeting of the 13th session of the 8th CPPCC National Committee.

The regulation on carrying out the functions adopted by the CPPCC National Committee at its 9th session was a major document that standardized the functions, he said.

Political consultations should be expanded and democratic supervision intensified, Li said. He urged CPPCC committee members to conduct investigations and present more proposals.

Li stressed understanding the reality of society and the feelings of the people as being crucial to the CPPCC's fulfilling functions.

The four-day session also passed a general rule on the CPPCC National Committee.

The closing meeting today was presided over by Wu Xueqian, vice-chairman of the CPPCC National Committee.

Nanjing Pro-Democracy Group Issues Statement

HK0606084395 Hong Kong SOUTH CHINA
MORNING POST in English 5 Jun 95 p 9

[By Jasper Becker in Beijing]

[FBIS Transcribed Text] While attention was fixed on Beijing for the June 4 anniversary, a pro-democracy group in Nanjing issued a statement calling for a complete reform of the political system.

The three-page statement sent to foreign journalists in the capital said China had no alternative but to overthrow its "feudal system" and become a "truly democratic" society.

Although China's capital was the centre of the 1989 democracy movement, supporters demonstrated in hundreds of other cities and towns. The statement, released by a small group of activists called the United Front, is a sign that embers of the fires lit in 1989 are still smouldering in other parts of the country.

As in 1989, the activists charge the ruling classes with abuse of power.

"The governing class does very little good for our country's development but enjoys most benefits."

It alleges that the ruling elite had inherited huge privileges from their parents and that these are used to exploit the labouring classes.

"The elite undermines the economic benefits from the introduction of competition by price-fixing, and similarly destroys any legal and democratic measures by putting themselves above the law," it said.

"The only way to put an end to the privileges of the governing class is to remove them from their posts in the state and, ultimately, to break this class into pieces."

Like other fringe political groups waiting to emerge, the group believes the Communist Party has "brainwashed" the populace into thinking reform was not needed.

"For everything to be really free it must be broken and rebuilt," it said.

This line of argument, effectively demanding revolution, is behind the Government's apparently excessive fears of protests breaking out even six years after the suppression of the democracy movement.

It suggests too that since then the party has failed to convince critics that it has in fact embarked on political reform.

Since 1989, some intellectuals appear to have grown more determined to bring down the rulers, convinced that — despite regulations against corruption and the occasional high-level victim — nothing has fundamentally changed.

Prisoner Denies Sending Joint Letter to NPC

OW0506142295 Beijing XINHUA in English
1401 GMT 5 Jun 95

["Letter Reported by Overseas Media Called 'Sheer Fabrication'" — XINHUA headline]

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — Yu Zhijian, who has been convicted for criminal activities in attempting to subvert the government and intentionally defacing the portrait of Mao Zedong at Tiananmen, said that he was indignant that someone had used his name to write a letter to the National People's Congress (NPC).

"The statement to the NPC that was reported by the overseas media is not mine and it is immoral to use my name to write a letter," Yu said when interviewed in prison.

Experts told XINHUA that after comparing Yu's handwriting with that of the letter printed by the Hong Kong based "Ming Pao", they found they did not belong to the same person.

On May 27, Reuters reported that "Yu Zhijian and 53 others wrote a letter to the NPC." On June 1, "Ming Pao" carried the text of the alleged "joint letter".

Yu was sentenced to life imprisonment in 1989, but his sentence was reduced to 17 years for good behavior.

Official reports say that Yu has worked as a Chinese language teacher in prison and was named an advanced teacher by the prison.

He said the signature at the end of the statement carried in "Ming Pao" says "Yu Zhijian and 53 others in the First Prison of Hunan in Yuanjiang." But Yu said that he had never stayed in that prison, nor did he know the alleged "Chen Gang".

Furthermore, Yu said that he could not have got in contact with someone who was not in the same prison to write a letter, let alone more than 50 people. "If so many people submitted the joint letter, why did others not sign their names?" he added.

A Chinese official said that it is clear that the joint letter was a fabrication of someone who have bad intent and want to deceive the public.

China is now enjoying political and social stability and sustained, rapid, and healthy economic development. Those who fabricated the "joint letter" are bluffing and attempting to undermine China's stability and rapid development, said an official here.

The letter, together with the alleged statement by a Beijing University student reported by AFP and the Voice of America are all political lies, the official added.

Dissident Wang Dan Ends Hunger Strike

*HK0606054195 Hong Kong AFP in English
0529 GMT 6 Jun 95*

[FBIS Transcribed Text] Beijing, 6 June (AFP) — Chinese dissident Wang Dan, on hunger strike since his arrest May 21 in Beijing, has written to his parents to assure them about his health and tell them he has begun eating again. His letter, written on June 1, was delivered Monday [5 June] by police to the family home, said the dissident's sister Wang Jinqing, who was contacted by telephone. Police have not said where Wang Dan, 26, is being held nor when he might be freed.

"My brother says his health is normal, but that he doesn't eat a lot. He told us not to worry. His living conditions are not too bad, but he complains he does not have enough to read," she said, adding that he had taken only two books with him when he was first detained.

During his first 48 hours in detention at a police station near their home, Wang's family noted that he was refusing to eat, something he had sworn to do if he

were arrested. On May 22 police transferred him to an undisclosed destination where the family lost contact with him. Despite police assurances that Wang was eating normally, his parents had sought a personal letter from him to be convinced. "My mother is more relaxed now," said Wang Jinqing, adding that she did not know when her brother ended his hunger strike.

Wang Dan was detained after signing two human rights petitions. His detention was part of China's annual crackdown on dissidents ahead of the June 4 anniversary of the 1989 Tiananmen massacre.

Leaflets Call For Commemorating 4 June

*HK0606085095 Hong Kong EASTERN EXPRESS
in English 6 Jun 95 p 1*

[By EASTERN EXPRESS China desk]

[FBIS Transcribed Text] Leaflets calling for the commemoration of the June 4 massacre were found in residents' post-boxes at apartment blocks in Beijing on Sunday [4 June], in defiance of the official crackdown on public mourning, according to sources.

The leaflets, although crudely printed, were found in their hundreds.

Their distribution is understood to be a new strategy to evoke people's memories of the 1989 event since any action of protest taken near Tiananmen Square is likely to lead to arrest by the authorities. A man spreading funeral money in Tiananmen Square was detained by the police on Sunday.

The leaflets gave a detailed account of the massacre six years ago, but stopped short of mentioning any recent arrests of dissidents. It is believed they were sporadically distributed by civilians rather than systematically by dissident groups.

Some residents reported the appearance of the leaflets to their street administrative committees — informal bodies responsible for the surveillance of residents.

The Public Security Bureau has been carrying out a low profile investigation of the matter, and so far no arrest has been made.

The General Secretary of the Chinese Communist Party, Jiang Zemin, has personally ordered a "thorough investigation" into a petition campaign in the run-up to June 4 this year.

But the State Security Department has been excluded from joining the investigation because its head, Qiao Shi, is believed to be sympathetic towards the democratic movement.

Qiao is a member of the politburo's standing committee.

"Jiang wouldn't involve the State Security Department to investigate recent dissident activities because he is not sure whether even Qiao himself has been related in any extent to one of the petitions signed by a group of intellectuals," a source said.

"Jiang doesn't believe that these petitions could have been instigated by the West because a respected veteran atomic physicist, Wang Jiangchang, also put down his name in the petition," the source said.

Although Wang signed a petition letter supporting the democratic movement before June 4, 1989, he has been silent at each anniversary until this year.

Science & Technology

Jiang Zemin Gives Speech to S&T Congress 26 May
OW0506153895 Beijing XINHUA Domestic Service
in Chinese 2145 GMT 3 Jun 95

[Speech by Jiang Zemin at the National Conference on Science and Technology in Beijing on 26 May]

[FBIS Translated Text] Comrades:

This National Conference on Science and Technology is a meeting of major significance held by the party central committee and the State Council in the new situation of reform, opening up, and socialist modernization.

In 1978, the party central committee held a national science conference, a meeting of far-reaching historical significance which eliminated chaos and restored order, established a correct guiding ideology on science and technology work, and brought back the spring of science and technology. At that conference, Comrade Deng Xiaoping put forward the celebrated theses that science and technology is a productive force, that intellectuals are a part of the working class, and that modernization of science and technology holds the key to the four modernizations. Later, he further pointed out that science and technology is the primary productive force. In 1985, the party central committee issued a decision on reforming the science and technology management structure. A comprehensive reform of the science and technology management structure had thus begun. After a decade and more of the successful practice of reform and development, our country's science and technology work has undergone historic changes, our scientific and technological strength and standards have improved notably, and the strategic stress has shifted to national economic construction, thereby making outstanding contributions to economic development and social progress. Here, on behalf of the party central committee and the State Council, I extend my highest respects to scientific and technological workers in all parts of the country.

Recently, based on a scientific analysis of the trend of economic and scientific-technological development and of the domestic and international situation and after pooling the wisdom of many comrades in various localities and departments inside and outside the party, the party central committee and the State Council decided to accelerate scientific and technological progress. This is another strategic policy decision for ensuring the realization of China's strategic objectives of modernization in three steps. The main purpose of the current conference is to mobilize the entire party and people of all nationalities throughout the country to implement in an all-around way Comrade Deng Xiaoping's idea that science and technology constitutes the primary productive force, seriously implement the guidelines of the "decision," whip up in the country a new upsurge of implementing the strategy of rejuvenating the country through the application of science and technology and the promotion of education, further liberate and develop the productive forces of science and technology, and actively help shift economic construction onto the track of relying on scientific and technological progress and the improvement of the quality of workers.

Comrade Li Peng will also make an important speech to the conference today. I will give my views on several important questions as follows:

1. Implement in an All-Round Way the Idea That Science and Technology Are the Primary Productive Force

Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics emphasizes that the fundamental task of socialism is to emancipate and develop society's productive forces. It was with such an emphasis, with his scientific knowledge on the law of the development of productive forces in contemporary society, and with his accurate grasp of the characteristics of the times that Comrade Deng Xiaoping put forward the wise thesis that science and technology are the primary productive force. Comrade Deng Xiaoping's comprehensive, scientific expositions on the social functions of science and technology, its place and role, and the direction of its development and on the basic tasks, strategic stress, structural reform, opening to the outside world, and personnel training related to science and technology form our country's guiding ideology for science and technology work in the new period. The thesis that science and technology constitutes the primary productive force is the quintessence of Comrade Deng Xiaoping's thinking on science and technology, an important component part of the theory of building socialism with Chinese characteristics, and a creative development of

Marxist doctrine on science and technology and its theory on productive force.

According to Marxism, the continuous emancipation and development of productive forces are the fundamental motive force in the progress of human society. The superiority of the socialist system is ultimately embodied in the fact that the development of the productive forces under this system is faster than under any other system. China's socialist construction was initiated from a foundation of an extremely backward economy, science and technology, and culture. For its productive forces to achieve, in a fairly short period, a level of development which has taken economically developed countries several centuries to attain, and to catch up with them from behind, we must all the more concentrate our energy to vigorously develop and extensively apply science and technology and bring into full play the tremendous motive role of the scientific and technological productive force in economic and social development. We must do so to fulfill our historical mission of making China a strong, modern socialist country standing towering like a giant in the advanced nations of the world.

The superiority of the socialist system should also be given full, pronounced expression in accelerating the development of productive forces in the form of science and technology. During our country's difficult pioneering years in the fifties and sixties, we established a number of key science research institutes, achieved tremendous success in initially instituting a fairly complete industrial system, and scored splendid achievements in developing atomic bombs, hydrogen bombs, and man-made satellites by inspiring the initiative and creativity of scientific and technological workers and the broad masses of people, and by concentrating limited financial and material resources. In the space of just a little over 10 years, we went through the course that developed nations took several decades to go through, thus significantly increasing our overall national strength and national defense capability. Science and technology played a crucial role in this respect. Our country's tremendous economic and social achievements since the party shifted its focus after the Third Plenary Session of the 11th CPC Central Committee are inextricably linked with contributions made by science and technology. As long as we firmly attach importance to scientific and technological endeavors, we will surely achieve even more splendid results in expediting national economic development, in improving overall national strength, and in raising people's living standards. We firmly believe that we will successfully attain our country's magnificent goal of socialist modernization by integrating with the power of science and technology the superiority

of the socialist system and the powerful impetus that the socialist market economic system gives to the development of productive forces under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line.

Judging by the international environment and domestic conditions, an extremely arduous and urgent task of strategic importance in our country's socialist modernization at the moment is to put into practice in an all-around manner the idea that science and technology are primary productive forces. Peace and development are the main trends of the present-day world. The world's scientific and technological revolution is reaching a new high, and a new period of major scientific, technological, and economic developments is dawning. Many countries, great powers in particular, are intensifying their efforts to rework their scientific, technological, and economic strategies, and are improving their overall national strength based on economic, scientific, and technological prowess. International competition is escalating. The domestic scene is characterized by the smooth implementation of various reform measures aimed at establishing a socialist market economic system; by sustained, rapid, and healthy national economic development; by unity among various nationalities; by social stability; and by the vigorous development of various undertakings. Meanwhile, we should realize that our country's current overall technological level and economic power still lag substantially behind those of developed nations. The model of economic growth with extensive operations as the main form has yet to be changed radically; some deep-seated problems in economic development such as the irrational product mix and industrial structure have yet to be resolved; and the tasks of developing agriculture, improving large and medium state-owned enterprises, and raising economic efficiency are extremely arduous. The pressures exerted on sustained economic development by the population, natural resources, and the ecology are mounting. Taking the current national conditions into consideration, seizing development opportunities, and accepting rigorous challenges to ensure the realization of our country's three-step strategic goal are major strategic issues that we must study and resolve in earnest. The key to accomplishing these strategic tasks is to truly regard scientific and technological progress as a powerful driving force behind faster economic and social development.

The decision of the party central committee and the State Council to implement nationally the strategy of rejuvenating the country through science, technology, and education is a major plan developed after summing up historical experience and in light of our country's current conditions. Without tremendous scientific and

technological might, it is impossible to achieve socialist modernization. To rejuvenate the country through science, technology, and education is to quicken the pace of making the country prosperous and strong by putting into practice in an all-around manner the idea that science and technological are primary productive forces; by attaching importance to science, technology, and education in economic and social development with education as the basis; by improving the country's scientific and technological might and its ability to convert this might into a practical productive force; by raising the entire nation's scientific, technological, and educational standards; and by shifting economic construction onto the track of relying on scientific and technological progress and of improving workers' quality. This is a correct choice for successfully achieving the three-step strategic goal. Implementation of the strategy of rejuvenating the country through science, technology, and education is bound to significantly improve the quality and level of our country's economic development; and to liberate anew and expand the productive forces.

2. Several Important Issues That Merit Attention in Expediting Scientific and Technological Progress

Scientific and technological endeavors are an important part of the great cause of building socialism with Chinese characteristics. We should consider our national conditions and draw on other countries' successful experiences to chart a course with Chinese characteristics for scientific and technological progress. We need to further define several major issues of overall importance to scientific and technological work by summing up our practical experience in promoting scientific and technological progress since the policies of reform and opening up were initiated, in keeping with the trends of economic, scientific, and technological development in the present-day world, and the requirements for our country's modernization.

The first issue concerns the integration of science and technology with the economy. The party central committee and the State Council have further defined the basic principles regarding our country's scientific and technological work: upholding the idea that science and technology are primary productive forces, relying on science and technology in economic construction, gearing scientific and technological work to economic construction, and scaling scientific and technological heights. At the core of these principles is the close integration of science and technology with the economy. Promoting the integration of science and technology with the economy in accordance with the basic principles regarding scientific and technological work is in keeping with the party's basic line and the trends of sci-

entific, technological, and economic development in the present-day world.

We must firmly rely on scientific and technological progress in economic construction. Only then can the economy develop vigorously and continuously, and provide a solid material basis for scientific and technological development. The establishment of a socialist market economic system has provided a sound mechanism and a broad avenue by which we rely on scientific and technological progress in economic construction. In such circumstances, we must more conscientiously tailor our scientific and technological work to economic construction, and view the promotion of economic development as our central task and primary goal.

We should correctly handle the relationship between the effort to adapt to economic construction and the effort to raise scientific and technological standards. Adapting to economic construction is a matter of direction, whereas raising scientific and technological standards and scaling scientific and technological heights constitute requirements. To promote economic development through scientific and technological progress, we should constantly raise scientific and technological standards. We should consistently follow the main direction of economic construction, proceed from the realities of our country's economic construction, and promote science and technology in a manner consistent with Comrade Deng Xiaoping's statement that the higher and newer, the better it is for science and technology.

How to promote the integration of science and technology with the economy is a fundamental question that needs to be settled in our country's economic, scientific, and technological reform. The integration of science and technology with the economy is reflected in all areas of scientific, technological, and economic activity. We should step up the integration of science and technology with the economy, make overall plans based on all factors, and give prominence to key areas through various means, such as defining goals and tasks, devising plans, and implementing policies and measures. Scientific and technological progress should serve as the main driving force behind economic development; and science and technology should be developed around the goal of economic development and should provide strong support for economic development. We should deepen reform of the economic, scientific, and technological systems, and give full rein to the important role played by market mechanisms in promoting the integration of science and technology with the economy under the state's macroeconomic regulation and control. Comrade Deng Xiaoping pointed out: "The new economic structure should promote technological progress, and the new science and technology management system should

promote economic development." In deepening reform, we should form a mechanism that links science research institutes and institutions of higher learning with enterprises, and that integrates research and development with production, so that science research institutes will advance in the direction of market forces and join large enterprise groups. In enterprises, we should integrate science research, design, and production to improve enterprises' technological development levels. Fundamentally speaking, we should provide institutional guarantees for integrating science and technology with the economy. We should regard the introduction of a technological innovation mechanism as an important goal in the establishment of a socialist market economic system. Specifically, we should view the establishment of a sound technological innovation system in enterprises as an important part of the drive toward establishing a modern enterprise system, as well as a vital link of the drive toward improving large and medium state-owned enterprises. Through reform, we should establish a new scientific and technological system that is compatible with the socialist market economic system and the law of scientific and technological development.

The second issue concerns the integration of short-term and long-term goals. At present, our country is economically underdeveloped; its technological and economic levels are low; and its development is highly uneven. As the critical factors that propel economic and social development, science and technology should, first of all, contribute to solving keenly discussed, intractable, and major problems in economic and social development. To maintain sustained economic and social development, moreover, we should develop science and technology ahead of economic and social development, and conduct research and development to provide motive power and reserve strength for future development. For this reason, we should set our sights on the present and keep the future in mind, integrate short-term and long-term goals, and make rational plans for scientific and technological development in accordance with the trends of economic, scientific, and technological development in the world, and in keeping with our national conditions.

In scientific and technological work, we should always take economic construction as the main battlefield, and regard as our main task the solution of crucial problems in national economic development that demand immediate attention. At present, we should adopt effective measures to vigorously strengthen agriculture-related scientific and technological work, attach importance to such work in our overall scientific and technological endeavor, step up the conversion of scientific and technological findings, and actively popularize practical advanced technologies, including high technology, to sat-

isfy the demand for technology that will raise agriculture to a new high. We should expedite the technical transformation of traditional industries, increase our products' technological content and competitiveness, achieve better-quality industrial growth that yields higher returns, and promote industrial structural optimization and upgrading. Specifically, we should pay attention to arming basic and pillar industries with modern technology, and quicken the pace of introducing an information-intensive, automated, and intelligent process for managing economic and social affairs. To contribute to improving the ecological environment, the quality of life for people, and public health, and to promote sustained and coordinated economic and social development, we should attach great importance to solving scientific and technological problems in social development, such as environmental protection, rational resource exploitation and utilization, disaster mitigation and prevention, population control, and public health.

Basic and high-technology research is the source of the driving force behind our country's modernization in the 21st century. We should show foresight, plan for the future, and strengthen basic research and high-technology research and development in light of the major problems that will affect our country's economic and social development in the next century. We should provide a scientific and technological driving force and a wealth of research findings for future economic development, viewing this effort as a major task in basic research. To ensure that we accomplish something, we should set limited goals, highlight key areas, and set different paces of development for different areas. Through scientific verification, we should select a number of well-founded and leading-edge subjects whose research is guaranteed by our national strength, and which can yield world-class results and play a major role in spurring national economic and social development after they yield breakthroughs. We should organize special manpower throughout the nation to concentrate on tackling key problems in a highly cooperative manner. The development of high technology and related industries plays a crucial role in improving our country's economic might, overall national strength, and labor productivity. To secure a place for our country in the world's high technology and related industries, we should develop high technology, apply it to production, make high-technology industries our country's priority development sectors, and establish as soon as possible a number of fairly-large-scale, high-technology industries that can play a decisive role in national economic development.

The third issue concerns the integration of independent research and development with advanced technological imports. An effective way to expedite our country's

technological upgrading and economic development is to open wider to the outside world, increase scientific and technological exchanges and cooperation with other countries, and actively import advanced technologies from abroad and extensively apply them to our industries. We should adhere to this basic policy over the long term.

Technological transfer and intellectual property rights protection have become important issues in today's international economic and technological cooperation. Since we are still technologically backward, we should diligently learn from and draw on other countries' strengths. Even after we have achieved modernization, we still have to keep learning from other countries to offset our deficiencies. In science and technology, we can only make faster and greater progress if we learn from other countries. Meanwhile, we must clearly understand that we cannot buy some of the world's most advanced technologies. The contemporary world is advancing scientifically and technologically with each passing day, with new technologies replacing antiquated ones at an ever-faster pace. Technologies that are considered advanced today may soon be outdated. Innovation is the soul of a nation's progress and an inexhaustible driving force behind a country's prosperity and development. If we merely rely on technological imports without improving our innovative capabilities, it will always be difficult for us to overcome our technological backwardness. A nation that cannot innovate can hardly stand erect among the world's advanced nations. As an independent, leading socialist nation, we must control our destiny in science and technology. Possessing some scientific and technological prowess and foundation, our country is quite capable of innovating independently. While learning from other countries and importing advanced technologies from abroad, we must make unflagging efforts to improve our country's independent research and development capability.

It is necessary to make an overall plan for bringing in advanced technologies from abroad and conducting independent research and development within the country, and integrate both in an organized way. We should avoid indiscriminately introducing technologies or bringing overlapping technologies into the country. Research and development projects that we can do on our own should mainly be done in the country. Strict scientific feasibility study and examination must be conducted and the opinions of scientists and technologists solicited before importing key technological projects, particularly those that cost a lot of money. We should attach importance to introducing key technologies into the country and learn relevant new theories, new methods, and experiences in advanced technological development and man-

agement. To enable China to rank among the world's most advanced in scientific and technological development, we should constantly improve our own research and development capability and enhance our innovation capability, and we should wage hard struggle to attain this strategic objective.

The fourth issue concerns the integration of market mechanisms with macroeconomic management. Modern science and technology are closely related with the economy, but science and technology are not wholly equal to the economy after all; they have their own law. Under the socialist market economic structure, market mechanisms and macroeconomic management are indispensable means for scientific and technological progress. In a big developing country like China, correctly using these two means and integrating them in an organized way are very important to accelerating scientific and technological progress and economic development. The CPC Central Committee-proposed principle of restructuring the scientific and technological system — "stabilizing one end and opening up a big area" — has embodied the inherent law for the integration of these two means.

Technological development, popularization of research results, and other activities closely related to economic construction should rely mainly on market mechanisms. Enterprises should gradually become the main body in conducting technological development and popularizing research results. As market mechanisms have not fully developed, the government's supporting policies in various areas are still necessary for commercializing and industrializing scientific research achievements. We should rely mainly on government inputs to stabilize a handful of key scientific research institutes and scientific research organizations under colleges and universities, which engage themselves in basic research, application research, high-technology research, research for social welfare, and tackling key scientific and technological problems that are in the state's overall and long-term interests. We must not maintain that while we are developing a socialist market economy, we can ignore the role of government leadership in scientific and technological progress. The problem of many "small but all-embracing" scientific research projects must be conscientiously solved. We should take advantage of the superiority of socialism — that it can concentrate strength on accomplishing important tasks, appropriately amass financial and material resources through macroeconomic guidance, organize advantageous forces, and make great and concerted efforts to tackle a number of key scientific and technological problems that are vital to the development of the national economy, the increase in overall national strength, and the rise in labor produc-

tivity. The eastern area of China should continue to rely on scientific and technological progress to raise its technical levels and, in the meantime, take effective measures to support the central and western areas in making greater efforts for scientific and technological progress, thus promoting development in these areas.

It is necessary to restructure scientific and technological forces and conscientiously do a good job in distributing talents in an active and proper way, following the principle of "stabilizing one end and opening up a big area." Without restructuring the scientific and technological forces and distributing talents, it is impossible to bring out the most from existing scientific and technological forces, which is not only unfavorable to the integration of science and technology with the economy, but also unfavorable to the stability of basic research. We should determine to change current conditions of overlapping scientific research institutes, scattered strength, and the divorce of science and technology from the economy. Various scientific and technological programs and methods for their implementation worked out by government organizations at all levels should also undergo reform. Market and competition mechanisms must be introduced and scientific management practiced. Before establishing an important research project, we must consider the market demand, extensively solicit opinions from scientists and experts, and conduct a scientific feasibility study.

The fifth issue concerns the integration of natural science with social science. Of course, science includes social science. Natural science is the science of man's understanding of and reforming nature, whereas social science is the science of man's understanding of and reforming society and promoting social progress.

The development of modern science and technology has prompted natural science and technology and social science to influence and infiltrate each other and form closer relations, and from here came a succession of combined sciences and overlapping sciences. A grand and complicated social economic and scientific system has taken shape. The development of natural science has enriched the theories of social science. The scientific world outlook and methodology of Marxism plays an important guiding role in the study of natural science. We propose that workers of social science attach importance to studying natural science, whereas workers of natural science attach importance to studying social science, and Marxist theories, particularly Comrade Deng Xiaoping's theories of building socialism with Chinese characteristics. In the course of realizing the great cause of China's socialist modernization drive, we should accelerate the close integration of natural science with social science, thoroughly understand and

grasp the inherent law for current economic and social development, and apply scientific theories and methods in giving guidance and practice.

3. Training and Bring Up a Large Number of Scientific and Technological Personnel Who Have Both Ability and Political Integrity

Scientific and technological personnel are important pioneers of new productive forces, important disseminators of scientific and technological knowledge, and the backbone of the socialist modernization drive. The key to carrying out the strategy of invigorating China through science and education lies in their talents. The levels of automation, computerization, and intellectualization for human production and social services are rising incessantly and some arduous and repetitive physical labor has been taken over by various automated machines and computers; laborers are required to have higher knowledge and technical levels. It will be of important significance to China's cause of the socialist modernization drive to greatly increase the number of scientific and technological personnel among laborers and to improve the overall quality of the work force.

China now has a scientific and technological force of 18 million people. Under the party's leadership, this force has worked hard, waged a tenacious struggle, made selfless contributions, and performed outstanding feats for socialist construction over the past 40 years or so. The motherland and the people are grateful for their work. In the meantime, we must be aware that the number and overall level of China's scientific and technological personnel still cannot meet the requirements of the socialist modernization drive. Accelerating the training of outstanding scientific and technological personnel is a very urgent strategic mission. We must fully bring into play the important role of existing scientific and technological personnel, create a social environment that gives full scope to the talents of and makes the best possible use of personnel, constantly increase their working and living conditions, and fully mobilize their enthusiasm and creativeness. It is necessary to conscientiously implement the "Outline for Educational Reform and Development in China," vigorously develop educational services, and deepen reform of the educational structure as well as train and bring up a generation of tens of millions of young scientists and technologists in light of the trend of scientific and technological development and the requirements of China's modernization drive so as to create a grand transcency scientific and technological force. Scientific research institutions should regard personnel training as a task of equal importance with the work of research and development. They should attach importance to the training of young academic

leaders and technological leaders; strive to create an environment and conditions for bringing up young and outstanding scientific and technological personnel, particularly top-notch personnel; and appoint them to key posts and assign important missions to them so they will grow soundly in the course of practice. The feats of scientific and technological workers of the older generation in taking infinite pains to develop the state's scientific and technological undertakings and train personnel are clear to their posterity. From now on, they should take the overall situation of a growing and flourishing scientific and technological sector into consideration and continue to recommend capable personnel, push young and outstanding scientists and technologists to the forefront, and encourage them to proceed bravely and blaze new trails in their work.

We should actively create the conditions for welcoming scientific and technical personnel abroad to return to China to work or to serve the motherland's modernization drive in various ways. We should energetically train not only scientific and technical talents in all fields, but also experts well versed in various aspects of modern management and operations. We should also pay close attention to selecting and training from among workers, peasants, and other working people various scientific and technical talents and professional technical experts. Through the efforts of all sectors of society, we should build a mammoth contingent of scientific and technical personnel for the Chinese nation to march toward a new scientific and technological revolution and toward the socialist modernization drive!

In training and bringing up scientific and technical talents, we should emphasize both ability and political integrity. Shouldering the great historic mission of rejuvenating the nation with education in science, scientific and technical workers at large should devote their utmost to building socialist material and spiritual civilization. We should adhere to the party's basic line; and should go all out to enhance the spirits of patriotism, of seeking truth and making innovation, of hard work and dedication, and of unity and cooperation. These four kinds of spirits, which epitomize the noble character of several generations of China's scientific and technical workers, are the essential guarantee for the thriving of scientific and technological undertakings, and should be further developed as an important aspect of the scientific and technical circle's building of spiritual civilization.

Patriotism is a brilliant banner and a glorious tradition of the vast number of China's intellectuals. It has inspired one after another generations of scientific and technical workers to strive for the prosperity of the motherland and the happiness of its people. Patriotism today means that one must love the socialist motherland and

support the CPC's leadership, and must integrate individual ideals and undertakings with the great cause of the motherland's socialist modernization drive. Truth-seeking is the foundation of science, while innovation is the vitality for the development of science and technology. As scientific research does not allow the slightest degree of deception, we must adopt a truth-seeking approach and respect objective law in exploring truth and making innovation. Hard work and dedication is a required qualification of scientific and technical workers. As science and technology work is an assiduous creative work, scientific and technical workers must foster lofty aspirations, imbue themselves with a firm and indomitable spirit, and work hard and relentlessly to scale new heights. It is the scientific and technical workers' glorious duty to use their knowledge to serve the people. Unity and cooperation are an intrinsic demand for conducting scientific and technical research under modern socialized production conditions. In carrying out work related to science and technology, we should advocate the spirit of letting a hundred flowers bloom and a hundred schools of thought contend academically; as well as that of mutual respect, unity, and cooperation; learning from other strengths to supplement one's shortcomings; and pooling the wisdom of all to make a concerted effort to tackle crucial problems.

While intensifying the building of the contingent of scientific and technical personnel, we should also attach great importance to raising the entire nation's level of science and technology and general knowledge. Poverty is not socialism, and much less ignorance. We should earnestly implement the "several suggestions of the CPC Central Committee and the State Council concerning strengthening work on popularizing science and technology," and go all out to spread scientific and technological knowledge among the broad masses of people. We should continue to pay close attention to compulsory education and vocation education of all kinds. We should use mass media and other effective means to promote the building of socialist spiritual civilization; and should use science to overcome feudal superstition, ignorance, and backwardness. We should make respecting knowledge and talented people a prevailing social atmosphere, and foster a new practice of studying and applying science and technology.

4. Strengthening the Party's Leadership Over Science and Technology Work

Party leadership is the political guarantee for implementing the strategy of rejuvenating the nation with education in science. The key to promoting scientific and technological progress lies in party committees and governments at all levels. Party committees and governments at all levels should conscientiously implement the

"Decision of the CPC Central Committee and the State Council on Accelerating Scientific and Technological Progress"; and should place the promotion of scientific and technological progress as an important item on the agenda, and should draw up feasible and practical measures to implement the decision in the light of reality in each locality or department. The central authorities have demanded that top party and government leaders personally attend to the work of promoting the primary productive forces. We should always place scientific and technological progress as an important item on the agenda for economic and social development, and should increase the input into science, technology, and education through various channels. While formulating and carrying out the national economic and social development plan and relevant policies, we should implement to the letter the strategy of rejuvenating the nation with education in science. Departments in charge of science and technology work at all levels should further transform their functions through reform, and should strengthen and improve their guidance and coordination of science and technology so as to constantly push forward scientific and technological progress in China.

China's reform and opening up and the development of its socialist modernization drive urgently demand that leading cadres at all levels raise their level of theory and general knowledge and enhance their leadership capability. Leading cadres at all levels should diligently study Marxism-Leninism and Mao Zedong Thought and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Along with the continuous deepening of reform, opening up, and the socialist modernization drive, new circumstances and problems will crop up one after another, which will require us even to more correctly apply the theory of building socialism with Chinese characteristics to guide our action. Meanwhile, we should also study knowledge of modern science and technology, of socialist market economy, and of the law. Only by constantly updating and enriching our knowledge will we be able to broaden our vision. We should not only learn from books, but even more, learn in the course of practice. As it is impossible for leading cadres to master the entire sphere of modern scientific and technological knowledge, they should regularly consult with scientists and experts with an open mind. Important policy decisions should be made after extensively soliciting experts' views and suggestions, and conducting a serious scientific verification. Adopting policy decisions in a scientific and democratic manner should be a major component of enforcing democratic centralism.

Leading cadres at all should take a broad and long-term view, assume overall responsibility, and grasp

the trend of the development of times. Here, I want to emphasize that we must diligently study Marxist dialectical materialism and historical materialism; and should foster a scientific outlook on the world. Without the scientific outlook on the world, our policy decisions and undertakings will be devoid of a solid philosophical foundation. Scientific ideas, approaches, and methods are, in essence, a process of emancipating the mind and seeking truth from facts. Comrade Deng Xiaoping has set a good example for us in skillfully applying scientific ideas and methods and by persisting in emancipating the mind and seeking truth from facts. We should learn from Comrade Deng Xiaoping's example; should adhere to the ideological line of emancipating the mind and seeking truth from facts; and, on the basis of respecting the laws on science and inheriting theories and experiences of our predecessors, should boldly make innovation and constantly recognize and develop truth.

Comrades, in five more years, we shall usher in the 21st century. China's modernization, for which several generations of martyrs struggled and which they pursued, will soon become a reality in the new century. The party central committee and the State Council call on all party members and the people throughout the country to comprehensively implement Comrade Deng Xiaoping's ideology that science and technology are primary productive forces, devote themselves to the great undertaking of rejuvenating the nation with education in science, accelerate the whole society's scientific and technological progress, and strive to accomplish successfully the second and third phase strategic goals of China's modernization drive.

Li Peng Speech at S&T Congress

OW0606112295 Beijing XINHUA Domestic Service
in Chinese 2119 GMT 4 Jun 95

["Speech by Comrade Li Peng at the National Science and Technology Congress in Beijing on 26 May 1995" — XINHUA headline]

[FBIS Translated Text] Beijing, 5 Jun (XINHUA) — Comrades:

The current congress is an important meeting in the history of the development of science and technology in China, and will exert a significant influence on the country's economic and social development. General Secretary Jiang Zemin has just delivered an important speech. It is hoped that everyone will thoroughly understand and earnestly implement his speech. In the following, I would like to put forth several views on issues related to the "Decision on Accelerating Scientific

and Technological Progress," recently promulgated by the CPC Central Committee and State Council.

On the Situation and Tasks of Scientific and Technological Work

China's scientific and technological undertaking took off on the basis of the extremely weak foundation of Old China. In the past more than four decades, under the leadership and kind concern of the older generation of revolutionaries and through the assiduous efforts of scientific and technical workers at large, we have set up a relatively comprehensive science and technology system; trained a contingent of outstanding scientific and technical personnel; obtained fruitful results in scientific and technological research; and solved a series of major problems in economic construction, defense building, and social development; thereby effectively promoting socialist construction and laying a solid foundation for the further development of science and technology. Especially since reform and opening up, guided by Comrade Deng Xiaoping's ideology that "science and technology constitute the primary productive forces," we have implemented the principle of relying on science and technology for economic construction and gearing scientific and technological work to the needs of economic construction, thereby ushering science and technology into a new era of development. In conjunction with the establishment of a socialist market economic system, the promotion of the integration of science and technology with the economy, and the acceleration of the transformation of scientific findings and technological achievements into actual productive forces, we have actively and yet prudently advanced the reform of the science and technology management system. While developing the technology market, we have scored notable achievements in reforming the system of appropriating science and technology funds and in establishing a system for scientific funds. Most scientific and technical forces nationwide have joined the main front of economic construction. The previous unitary, closed science and technology management system has been dismantled, and the dislocation of science and technology from the economy has been greatly improved. With the help of reform, we have implemented a series of science and technology development plans and key projects in three areas: Developing technology, popularizing and developing high-tech and its industry, and strengthening basic research. We have established a number of national laboratories and research centers, and obtained some significant results. In agriculture, we have increased grain output by way of breeding new seeds and popularizing such techniques as hybrid rice, mulching, and dry-land cultivation and light planting of rice. In industry, we have solved a number

of difficult key technical problems of overall importance; and developed complete sets of advanced technology and equipment, which have played an important role in industrial technological transformation and major engineering construction projects. In high-tech, we have obtained important achievements in launching synchronous satellites and developing large computerized switchboards, high-performance computers, industrial robots, and hepatitis B vaccines. We have also made some headway in promoting the high-tech industry, and new and high-tech industrial development zones have taken shape. In scientific research and technological development in recent years, we have obtained some 30,000 major scientific and technological research results and approved over 30,000 patents each year. The practice fully explains that the reform of the science and technology management system and scientific and technological progress have greatly contributed to promoting China's economic and social development, to enhancing the overall national strength, and to raising the people's living standard.

Science and technology are the primary forces propelling the development of social productive forces, as well as the important hallmarks of mankind's civilization. In the history of mankind's social development, each and every major scientific and technological breakthrough has always induced a leap in productive forces and brought about profound changes in social life. Throughout the course of realizing the magnificent goal of the modernization drive, scientific and technical workers shoulder a glorious and yet arduous task. China's present and future economic development will more than ever depend on scientific and technological progress. Through rapid growth in recent years, we have laid a fairly big foundation for the national economy. To attain the second-step strategic goal and gradually realize the third-step strategic goal on the basis of this foundation, we must steadfastly carry out the reform of the science and technology management system, and rely on scientific and technological progress. We must rely on advances in science and technology for solving deep-rooted contradictions in economic development, i.e., for reinforcing agriculture, optimizing the industrial structure, raising labor productivity and economic efficiency, conserving resources, and achieving sustainable development. In agriculture, as China's population increases by more than 13 million each year while farmland continues to decrease, we must raise per-unit yield and develop agriculture toward a pattern of high yields, high quality, and high efficiency so as to guarantee the people's basic needs. In industry, even though we have established an independent industrial system that is comprehensive in scope, our industrial structure is irrational, economic efficiency is low, and

technical level lags far behind developed countries. Only by relying on scientific and technological progress; by strengthening scientific management; and by increasing the rate of transforming scientific findings and technological achievements into productive forces and of contributions by scientific and technological progress into economic growth, can we solve these problems and push China's modernization drive forward.

The new global scientific and technological revolution today is causing major changes in the social and economic structure, production mode, and consumption pattern, bringing about profound changes in world outlook. Scientific and technological progress has become the main force propelling economic growth in various countries, as well as the focus for international economic competition and the race for overall national strength. Comrade Jiang Zemin has pointed out: "In invigorating the economy, it is necessary to first promote science and technology. Only by steadfastly pushing forward scientific and technological progress will we be able to gain the initiative in fierce competition." The "Decision on Accelerating Scientific and Technological Progress," promulgated recently by the CPC Central Committee and State Council, is a major strategic measure for comprehensively implementing Comrade Deng Xiaoping's ideology that "science and technology are the primary productive forces" and a programmatic document for promoting scientific and technological progress in China. An important aspect of the "Decision" is its explicit call for rejuvenating the nation with education in science, which is of great significance for achieving China's modernization drive and rejuvenating the Chinese nation. We must foster a strong awareness of rejuvenating the nation with education in science among all party members and people throughout the country. We must enhance the entire nation's level of science and general knowledge, energetically reinforce scientific and technological work, promote scientific and technological progress, and push forward economic development through advances in science and technology and the improved quality of working forces, thereby promoting a sustained, rapid, healthy development of the national economy. This is by no means a matter only for scientific and technical workers' concern but the common task of all party members and people throughout the country.

Accelerating the Transformation of Scientific Findings and Technological Achievements Into Actual Productive Forces, and Improving the Quality of Economic Growth

Improving the quality of economic growth is a pressing issue pending solution in China's current economic

development. Through decades of socialist construction, we have set up a fairly large scale for the national economy, especially in industrial scale. However, extensive production and management still exist in many sectors of the economy. In certain indexes reflecting the quality of economic growth, we are inferior not only to the developed countries but also to some developing countries. If we do not make a determined effort to improve the situation — characterized by the relatively inadequate resources in terms of average per capita amount and by growing strains on employment in the face of intensifying international competition — we will encounter grave difficulties in further developing the economy. To solve these problems, we will ultimately rely on the forces of science and technology. Today China turns out tens of thousands of scientific findings and technological achievements each year; however, only a few of them are truly applied to production and social practice and are transformed into actual productive forces to form large-scale production capacity. From now on, we must place the endeavor to transform scientific findings and technological achievements into productive forces as an important item on the agenda of scientific and technological work and economic development, and must exert every muscle to facilitate the extensive application of scientific findings and technological achievements in actual production.

To accelerate the transformation of scientific and technological achievements into productive forces, we must rely on a correct policy as our guide and the joint efforts of the supply and requisitioning parties of scientific and technological achievements. Scientific and technological circles must take additional steps to change their mentality, make the promotion of economic development their most important task, pay attention to application in production and market demands, and try to raise the degree of maturity and applicability of scientific and technological achievements when a science and technology project is still on the drawing board. Production, construction, and circulation departments must also enhance their consciousness of the need to rely on scientific and technological progress and, by carrying out in-depth reform and strengthening the internal motive force for applying advanced technologies, make scientific and technological progress the primary road to raising economic efficiency and market competitiveness.

We must make great efforts to popularize advanced, useful agricultural technology. We must select a number of advanced, useful scientific research results in accordance with the requirements of developing a type of farming that provides high yields of fine quality with maximum efficiency and popularize them to produce

results as soon as possible. We must do a good job of cultivating and disseminating new livestock and plant varieties and especially new crop cultivation, livestock breeding, and plant disease and insect pest prevention and control technologies. We must continue to implement the "Spark Program" and "harvest program," promote scientific and technological progress among village and town enterprises, promote the development and intensive processing of farm produce and other natural resources in the countryside, increase the added value of farm produce, and develop the rural economy in an all-around way. We must continue to carry out our work of eliminating poverty through application of science and technology and help people in poor areas shake off poverty through science and technology.

We must actively select key technologies for use in industrial production and construction. Scientific-technological and industrial departments must coordinate closely to resolve key technological problems in industrial production and construction. We must vigorously promote electronic information technologies, advanced manufacturing technologies, and technologies promoting energy efficiency, consumption reduction, and environmental protection, and we must promote upgrading and updating of products. We must accelerate the transfer of military technologies to civilian use. Enterprises must establish technology development mechanisms and, while extensively using domestic- and foreign-developed new technologies, accelerate the renewal and transformation of existing production equipment and technologies, push forward management modernization, and develop readily salable new products to enhance economic efficiency and competitiveness.

We must accelerate the development of high- and new-technology industries. We must incorporate the development of high- and new-technology industries into state economic development plans and place them for development on a priority basis. We must mobilize the initiatives of all sectors, especially large and medium enterprises, to take part in the development of high- and new-technology industries. We must continue to implement the "Spark Program"; uphold the integration of research and development, production and operation, and trade; and shorten the cycle of the commercialization and industrialization of high- and new-technologies. We must continue to encourage scientific research institutions and institutions of higher learning to assign the talented to set up high- and new-technology enterprises and develop them into industrial groups. High- and new-technology industrial zones must become truly important bases for the development of high- and new-technology industries. We must extensively apply computer technology in finance, taxation, commerce, trade,

telecommunications, transportation, and other social service areas to speed up the process of informationalizing [xin xi hua 0207 1873 0553] the national economy.

We must promote coordinated economic and social development through scientific and technological progress. We must earnestly implement "China's Agenda for the 21st Century" and step up our efforts to tackle key technological problems related to population, environment, resources, labor safety, disaster reduction and prevention, and popularize the application of technologies developed. We must pay attention to comprehensive development and exploitation of national land and marine resources. We must improve our techniques for preventing and treating contagious, endemic, and occupational diseases and our ability to develop biological vaccines and new pharmaceuticals. We must work hard to make full use of the role of science and technology in improving the people's living conditions to benefit the people and future generations.

I would like to emphatically point out here that while accelerating the transformation of scientific and technological achievements into productive forces, we must step up basic research and pay attention to solving questions concerning basic theories and basic technology that have an important bearing on economic development. Basic research can serve present economic construction, and it is also the source of modern science and technology. An important principle for speeding up scientific and technological progress is to provide stronger support for basic research and to ensure its steady development. Our country is a developing one with limited national strength, and we have many tasks to perform. So, our basic research should be done according to our capability, and we should concentrate on tackling selected major problems on the principle of "doing things selectively." The state will gradually increase its investment and provide support through the Natural Science Fund, selected state basic research programs, and other special funds. It is necessary to adhere to the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" to encourage scientists to make bold explorations and produce inventions on the science front and scale the height of world science. The state will continue to implement the "863" and other high-tech research and development plans. In consideration of the needs of industrial and agricultural production and national defense construction, the state will select some scientific and technological items that have an important bearing on economic and social development, and in which we have a better foundation and greater strength; concentrate our manpower and material and financial resources on building a number of major scientific and technological projects; and strive to attain

world advanced levels in some of the most important basic research and high-tech fields.

The key to scientific and technological rejuvenation is talented people. In order to speed up the transformation of scientific and technological achievements into productive forces and to do a good job in basic research, we must give full play to the wisdom and intelligence of existing scientists and technicians. At the same time, we should consider the needs of the 21st century to train and bring up a large number of young scientists, engineers, technicians and economic managers. The state has already made a special appropriation to establish a Youth Science Fund. The economic development department should make even greater efforts to train scientific and technological personnel of a new generation. Leading cadres at all levels and scientists, technicians, and experts of the older generation should consider personnel training to be important to scientific and technological development and to national rejuvenation, and give full play to the role of middle-aged and young scientists and technicians. We welcome and encourage scientific and technological personnel residing abroad to serve the motherland's construction in various ways. All trades and professions should pay attention to train technicians from among workers and peasants and strengthen vocational and technical education. In order to improve the quality of the entire nation in terms of scientific and general knowledge, great efforts should be made to popularize science and technology, do away with superstition and ignorance, and to create a good habit of "loving, learning, and using science and technology." This is an important component part of the building of spiritual civilization, as well as an objective demand of economic development.

Deepening the Reform of the Management System for Science and Technology

Good results have been achieved in the reform of the management system for science and technology. The objective of reform in the next step is to consider the needs of the socialist market economy to establish a new-type of science and technology management system conducive to scientific and technological progress. The system should help integrate science and technology with the economy; integrate research and development with engineering designing, production, and construction; integrate science and technology organizations with enterprises; integrate military science and technology with civilian science and technology; and integrate scientific and technological development with personnel training.

In order to attain the aforementioned objective, we must adhere to the principle of "holding fast to one end and leaving the whole field open." "Holding fast

to one end" means that we should maintain a capable science research force and let it do basic research, applied research of long-term national interest, high-tech research, and projects tackling major scientific and technological problems. While these research activities are to be mainly government-funded, they should also have operational mechanisms characterized by opening up, personnel interflow, competition, and cooperation, so as to invigorate scientific research. "Leaving the whole field open" means that we should work under the guidance of state policy, give play to market forces, and let a large number of technological development and technical service organizations do the work of transforming scientific and technological achievements into productive forces according to market demands, and gradually embark on the road of self-development.

Restructuring the management of science and technology is a major reform project. The state will gradually reduce the number of state-financed research institutes and divert the flow of their personnel; but it will maintain an elite, high-level contingent of researchers and, on this basis, build a large number of open, state-class research bases. In light of their own characteristics, the overwhelming majority of research institutes should choose whatever ways they think appropriate to merge themselves with the economy or operate in large and medium-size enterprises to become financially and developmentally independent science and technology businesses. Units providing scientific and technological consultative services or information should head for the tertiary industrial sector and provide it with all forms of compensatory services. To ensure normal scientific and technological development and contribute to economic construction, a development and application system centering around enterprises should be set up through restructuring to promote scientific and technological research and application, and to improve socialized services during the course of scientific and technological activities.

Establishing efficient mechanisms governing scientific and technological progress is essential for restructuring science and technology management, as well as the prerequisite for scientific and technological progress. Rural areas should, through giving full scope to the roles played by their grass-roots organizations for promoting agricultural techniques, combine agricultural production, scientific research, and agricultural education; promote cooperation between full-time technology promotion organizations and economic organizations in charge of production and marketing; and make great efforts to develop socialized networks that integrate technological services, industrial production, and trade. To expedite rural areas' economic development, research depart-

ments and schools of higher education should, through such ways as becoming shareholders with technological expertise, holding concurrent jobs, and contracting projects to be accomplished, be encouraged to establish stable cooperative ties with rural areas' technical and economic organizations. Our enterprises should proceed with their work of promoting technological progress and establishing modern business systems at the same time. We should continue to promote the integration of scientific and technological forces in enterprises, schools of higher education, and research institutes; and encourage research institutes to enter enterprises or enterprise groups in one way or another to carry out technological development, or to cooperate with them in establishing technology development centers. During the development of the socialist market economy, our enterprises should gradually become main technology developers. In the face of market competition, developing marketable products has become an important requirement for enterprises to subsist and develop, and enterprises are objectively required to become main investors in technology development. This is the path economically developed countries have followed, and Chinese enterprises will also be able to do this gradually as reforms proceed. We must continue with the policy of opening up to the outside world, emulate foreign countries' advanced experiences, and follow through with the effective policy of "bringing in, assimilating, developing, and renovating" foreign technologies. The state will use economic levers to guide and encourage enterprises to increase investments in technological development. We should expedite scientific and technological progress through improving our industrial and technological policies and intensifying our measures for supervising technology. We must strive to achieve some breakthrough during the course of restructuring our enterprises as well as the management of science and technology.

Since restructuring the management of science and technology and diverting the flow of personnel involve the vital interests of science and technology departments as well as scientists and technicians, practical measures must be drawn up so that the stability of personnel will not be upset by the restructuring, and so that the restructuring and diversion projects can move forward steadily. We should fully mobilize the initiative and creativeness of the vast number of scientists and technicians, respect their views, hear their suggestions, and guide them to throw themselves into reforms as masters of their country.

Provide Stronger Leadership and Create Even Better Conditions for Scientific and Technological Progress

Party committees and governments at all levels must earnestly strengthen their leadership over science and technology. We should place the work of promoting scientific and technological progress high on our agendas, and act promptly to deal with relevant problems. The State Council has decided to convene at least two executive or working meetings each year to study and deal with science- and technology-related issues. Feasibility studies and assessments should be conducted before a major construction or scientific-technological project is established, and the views of scientists and technicians should be heeded. Leading cadres at all levels must work hard to study modern science and technology in order to improve their leadership. The Ninth Five-Year Plan, which is being drawn up, and other future plans will all give priority to scientific and technological progress. Economic administrative departments and science and technology management departments should work in close coordination with each other so that industrial policies and plans for scientific and technological development will be properly coordinated.

It is necessary to seriously increase investment in science and technology. An important guarantee for scientific and technological development is to build a science and technology investment mechanism that fits socialist market economic structure and increase science and technology investment at various levels and through various channels. During the course of the Ninth Five-Year Plan and long-term objective planning, the state will increase investment in agricultural science and technology, high technology, major scientific research bases, and scientific research equipment. Under a normal situation, both central and local investment in science and technology should increase at a rate higher than the revenue growth rate of the year. We should take various actions to increase China's scientific research and development budget so that it will account for 1.5 percent of the nation's gross domestic product by the year 2000. We should encourage and guide enterprises, particularly large and medium-sized enterprises and enterprise groups, to increase investment in scientific research and development and gradually attain the objective of making enterprises the main investors in technological development. Of the funds for comprehensive agricultural development and for building key construction projects, a certain amount should be set aside for use in solving relevant scientific and technological problems. We should try in various ways to attract external investment in the development of China's scientific and technological undertakings. While increasing science and tech-

nology investment, we should optimize the investment pattern, pay attention to giving play to the role of the fund system [ji jin zhi 1015 6855 0455], and raise the effectiveness of capital utilization.

We should continue to improve the working conditions and livelihood of scientific and technological personnel. A higher priority should be given to improving the working conditions and livelihood of agricultural scientists and technicians and stabilize the contingent of agricultural science and technology personnel. Scientists and technicians doing the work of transforming scientific and technological achievements into productive forces should be paid according to their economic efficiency, and they may be given higher compensation for making outstanding contributions. Scientists and technicians performing key scientific research tasks for the state may receive research project allowances. We should continue to improve the housing conditions of scientific and technological personnel. Governments at all levels should strive to perform more actual deeds in improving the working conditions, livelihood, and remuneration of scientific and technological personnel. Great efforts should be made to commend and reward outstanding scientists and technicians who make contributions to the country, so as to arouse scientific and technological personnel's enthusiasm for working for the motherland's modernization.

We should attach importance to legislation and protect intellectual property rights. The "Scientific and Technological Progress Law" has been put into force, and this is an important event in promoting the development of China's scientific and technological undertakings. A further step should be taken to formulate and improve relevant laws, regulations, and policy measures. We should continue to do a good job in enforcing laws concerning the protection of intellectual property rights and harshly punish those who violate them. China has done a great deal of work in protecting intellectual property rights, and it will make further efforts in this regard with the purpose of guaranteeing the fundamental interests of our scientific and technological and economic development. Protecting intellectual property rights is the consistent position of our government, but we resolutely oppose the act of interfering in another's internal affairs on the pretext of protecting intellectual property rights.

A further step should be taken to expand international cooperation and exchange in science and technology. We should promote international cooperation and exchange in science and technology through various channels and at various levels in accordance with the principle of equality and mutual benefit and of sharing achievements and respecting international practices. We should make great efforts to promote international coop-

eration in the fields of high technology, advanced productive technology, and basic research, in consideration of the needs of our scientific and technological and economic development. We should encourage enterprises outside China to come here and run high-tech enterprises in the form of joint ventures, cooperative enterprises, or sole proprietorship. We should take a further step to expand international academic exchanges and constantly widen the field of cooperative research. We should support more scientists, particularly outstanding middle-aged and young scientists, in participating in various international academic activities, raise their academic level, and contribute their wisdom and ability to the development of science and technology.

Comrades!

Carrying out the strategy of rejuvenating the country with the application of science and technology and promotion of education, accelerating scientific and technological progress, and making the country strong and prosperous is the glorious and yet arduous task of the whole party and people across the country. Let us work under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; unite closely around the party Central Committee with Comrade Jiang Zemin at the core; work hard in self-reliance; keep forging ahead and blazing new trails; strive to push China's scientific and technological reform and development forward; and make greater contributions to socialist modernization.

Military & Public Security

Zhang Zhen Urges Improving Army Ideological Work

HK0606095295 Beijing JIEFANGJUN BAO
in Chinese 4 May 95 p 1

[Dispatch by special correspondent Zhu Zengping (2612 3630 1627) and reporter Chen Xingeng (7115 2956 5087): "Central Military Commission Vice Chairman Zhang Zhen Stresses Need To Give Top Priority to Ideological, Political Building To Strengthen Comprehensive Army Building While Conducting Investigation and Study in Army Units Stationed in Zhejiang"]

[FBIS Translated Text] Hangzhou, 3 May (JIEFANGJUN BAO)—While conducting and investigation tour of the ground, air, and navy forces stationed in Zhejiang from 21 April to 3 May, Central Military Commission [CMC] Vice Chairman Zhang Zhen stressed: It is necessary to give priority to ideological and political building and strengthen comprehensive army building seriously in line with the general requirements put forth by CMC Chairman Jiang

Zemin: "Be qualified politically and tough militarily, and acquire a fine style, strict discipline, and effective logistics."

Accompanied by Fang Zuqi, political commissar of the Nanjing Military Region, Vice Chairman Zhang Zhen visited the troops, offices, airports, ports, and islands, met with officers and men at the grassroots levels, and held various forms of meetings over the past few days to get a better understanding of the new problems encountered in the building of army units and logistics work. He also listened to the proposals made by the comrades and exchanged views with them. At the Hard-Boned Sixth Company, Vice Chairman Zhang personally checked the training programs and political education of the company. He also went to the "Xuchang Company," a heroic company where he served as a soldier in 1958, and took part in the company's party group meeting. While in Hangzhou, Vice Chairman Zhang called on some retired comrades, and while in Jiaxing, he visited the "Red Boat" in Nanhu.

Wherever Vice Chairman Zhang went, he would ask about the education conducted in patriotism and dedication, revolutionary outlook on life, respecting cadres and cherishing soldiers, and plain living and hard struggle. In the new situation, he pointed out, all levels must follow CMC Chairman Jiang Zemin's requirements and give top priority to the army's ideological and political building. At present, it is necessary to organize the broad ranks of officers and men to profoundly study Deng Xiaoping's theory of building socialism with Chinese characteristics and earnestly grasp well "education in four fields" in close connection with the ideological reality of officers and men. He fully affirmed the method of a certain division that combined army education with social education and family education, believing that it was a good method for strengthening ideological work.

Vice Chairman Zhang showed great concern for the building of the Army's party committees and leading bodies. Maintaining the status quo of army building and whether we can keep on making progress lies in effective leadership of party committees at all levels, he pointed out. The Army's ideological and political building and other work must be implemented by relying on the leaders of the party committee. The party committees at all levels should carry forward the styles of integrating theory with practice, maintaining close ties with the masses, and criticism and self-criticism advocated by Chairman Mao; uphold democratic centralism; further straighten out work guidelines; enhance unity of leadership; run a clean administration; build up a fine image; and become a firm command post in reality as well as in name. Vice Chairman Zhang said that the party committees at all levels should select and appoint

cadres well, particularly the commander and political commissar. As the company is the basis of the Army, he explained, it is imperative to build well the company party branches and appropriately select and appoint the company commanders and political instructors.

During the investigation, Vice Chairman Zhang joined the army units on numerous occasions in probing into the question of training reform. At the forum with leaders of a navy unit, Zhang listened to their account with great interest and occasionally raised questions, held discussions with them, and praised them for cracking their brains in working out the operation plans. He stressed that the army's military training should be based on the available equipment, strengthen study of operation methods, improve training in light of the needs of actual combat, and strive to upgrade modern technology and particularly the overall combat effectiveness under high technological conditions. After examining part of the training programs of the "Hard-Boned Sixth Company," he spoke highly of the consummate skill and tough style of the officers and men of the Sixth Company. He urged the whole Army to follow the example of the "Hard-Boned Sixth Company," strictly undergo training, set strict demands on themselves, and continuously improve the quality of training.

Vice Chairman Zhang showed great concern for the livelihood of the officers and men at the basic level. Besides personally asking them, he also sent his working personnel to go to the companies and markets to collect information about the actual lives of officers and men. He urged all localities to pay attention to agriculture and sideline occupations, run well the services centers of the Army units, strengthen food management, and ensure that the soldiers can eat and sleep well. After enforcing the new timetable, it is necessary to seriously organize and rationally arrange the Army's holiday life, and strengthen administrative management on the one hand and enrich the material and cultural lives of the barracks, let soldiers acquire scientific and cultural knowledge, and increase the attractiveness of the barracks on the other.

Zhejiang is located along the southeast coast, occupying a very important strategic position, Zhang said. The broad ranks of officers and men stationed in Zhejiang should fully understand their great task, increase their sense of responsibility and mission, and do Army work well. In light of Chairman Jiang's "five worded" [wu ju hua 0063 0658 6114] general requirements, all units should conscientiously implement the "Outline for the Building of the Army's Grassroots Level Units," do solid work diligently, and upgrade the Army's comprehensive building to a new level.

During the investigation, Vice Chairman Zhang also made important instructions for the building of the armed police, reserve force, and veteran cadre work.

Those accompanying Vice Chairman Zhang Zhen on the investigation tour included Wu Quanxu, assistant to chief of general staff; Zhou Ziyu, deputy director of the General Political Department; and Wang Tailan, deputy director of the General Logistics Department.

Guizhou Secretary on Officer Resettlement

HK0606062495 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 22 May 95

[FBIS Translated Text] The Guizhou Provincial CPC Committee Standing Committee on 19 May called a demobilized officers resettlement work meeting at which members studied a congratulatory letter sent by General Secretary Jiang Zemin and Premier Li Peng to a recently concluded national demobilized officers resettlement work conference; they studied and discussed "Opinions on Successful Resettlement of Demobilized Officers in 1995" approved by the CPC Central Committee, State Council, and Central Military Commission and a series of important speeches by Comrade Hu Jintao, Comrade Li Guixian, and others on the same subject.

Provincial Vice Governor Zhang Yuqin briefed the standing committee members on the province's demobilized officers resettlement tasks and plans.

Chen Shineng, provincial party committee deputy secretary and provincial governor, delivered a speech at the meeting, calling for making a success of this year's demobilized officers resettlement work.

Provincial party committee Secretary Liu Fangren also delivered a speech in which he called on persons in charge of party committees, governments, and work departments at all levels in the province to attach great importance to and earnestly strengthen leadership over this year's demobilized officers resettlement work. To this end, principal leaders at all levels should personally take charge of the work, press ahead with the work by overcoming difficulties, and strive for good results as well. Successful resettlement of demobilized officers is, he noted, essential to successful national defense building and essential to local economic construction. He stated: We should submit to the country's overall interests when there are difficulties at the local level. We should see to it that the country's overall interests always override our own partial and local interests. To this end, organization and personnel departments at all levels in the province should conduct meticulous work while units concerned should warmly welcome and accept demobilized officers. No unit is allowed to

reject demobilized officers. We should do everything possible to successfully accomplish this political task.

Profile of NPC Vice Chairman Qin Jiwei

HK0606040495 Hong Kong WEN WEI PO in Chinese 8 May 95 p F1

[Article by Hsia Lina (1115 5461 1226): "Qin Jiwei, Well-Known General and National People's Congress Vice Chairman: The Sanggamryong Ridge Campaign Shocks the Whole World"]

[FBIS Translated Text] The wheel of history entered 1995 and Qin Jiwei is 80 years old. The general, who shouldered a red-tasselled spear and joined the Red Guards when he was 13 and braved untold dangers and fought countless battles in his over 60-year military career, has performed immortal feats for the republic's founding. Now he has taken off his military uniform, but the mighty look of a general can still be seen on his face. Army men's unique qualities have molded his terse, precise, and forceful style of speech, and as his time-tested and sagacious eyes stared at a distant place, his thinking ran far away with his narration.

Go Through All Kinds of Hardships While Following the Party

Qin Jiwei made a pledge when he joined the Red Army at the age of 15: "Following the CPC, always going in for revolution." Since then, no matter how dangerous the action was and how difficult the environment was, and whether he was seriously injured and imprisoned or he was wronged or was subject to persecution, his revolutionary will has never swayed. "As I have taken part in revolution, I must do it right till the end, and that means right till my death." This is precisely his firm conviction.

In October 1932, the fourth anti-"encirclement and suppression" failed and the main forces of the Fourth Front Red Army were compelled to retreat from the Soviet areas in Hubei, Hunan, and Anhui and started their westward move. At that time, Qin Jiwei, who was a company commander then, suffered a wound in his right arm, and even a bone was broken. His superior called on him before the troops started off and gave him two small silver ingots. Seeing that the troops were working in a rush and getting into a muddle, Qin Jiwei noticed that the troops were going to move to somewhere else, but he would be left at a fellow-villager's home to heal his wounds. He swore to himself: "I will never leave the Red Army." When the troops started moving hurriedly in the dust of the evening, he followed them quietly. The troops fought another tough battle when getting to the district of Manchuanquan. After breaking out of the

encirclement, Qin Jiwei's wound had festered. As there were no drugs, Qin could not but undo the bandage everyday along the march to let his festered blood trickle down his arm, and then used the old festered blood-stained bandage to fasten his arm again.

In this way, just as other soldiers, Qin Jiwei wore thin clothes and straw sandals to cross snowy mountains. Cold, hunger, fatigue, and pain disturbed him and sometimes he was so painful that he almost fainted, but he still endured it and insisted on joining the march. He managed to climb up nine mountains each with an elevation of 2,000 to 3,000 meters and cross the Qin Mountains before entering Sichuan. When arriving in Tongjiang, his wound enlarged and festered and he was reduced to a mere skeleton. However, he experienced the inexhaustible strength generated by a revolutionary's conviction and will.

In the initial stage of the "Cultural Revolution," Qin Jiwei, who was commander of the Kunming military district then, was subject to persecution. His home was searched and his property taken away, and his personal safety was no longer guaranteed. At that critical juncture, Premier Zhou sent a plane in good time to take him to Beijing in order to protect him. However, because of the interference of Lin Biao and his men, Qin Jiwei fared worse and worse after getting to Beijing and he was deprived of every political right and was laid up for a long time. Nevertheless, he was at ease from the bottom of his heart and firmly believed the party would, after all, know that he was innocent, so he did not curry favor with anyone, neither did he utter any words or write anything contrary to his conscience.

In October 1969, Lin Biao issued the so-called "No. 1 Order" and escorted a number of high-ranking generals to areas outside Beijing respectively, and Qin Jiwei was sent to an Army farm beside the Dongting Hu in Hunan to work in custody. Although the living and working conditions there were very difficult and he deeply worried about the future of the party and the state as the whole nation was all a mess, he still exhibited optimism peculiar to revolutionaries and calmly and positively faced the adverse circumstances.

In April 1973, thanks to the concern of such leaders as Premier Zhou Enlai and Marshall Ye Jianying and with the approval of Chairman Mao, Qin Jiwei returned to Beijing.

Qin Jiwei was a general who found a way out under heavy fire. He, who fought a number of major and tough battles, has an outstanding talent for commanding troops.

Fight on Battlefields Without Any Fear or Selfish Thought

In the 10 years from 1937 to 1947, Qin Jiwei was fighting battles in the Taihang area and successively acted as commander of the second division and the first division of the Taihang military district and commander of the Taihang military district.

During the War of Liberation, Qin Jiwei successively acted as column commander and army commander and led his troops to attack Luoyang and Zhengzhou, fought the Huai-Hai Campaign, crossed the Chang Jiang, and launched a long-distance offensive against the enemy by marching to Guangdong and Guangxi and ended the fighting in the Southwest.

Following the liberation of the Southwest, a peaceful environment was dawning across the country. However, the Korean war broke out soon afterward, and the Central Party Committee and Chairman Mao decided to dispatch volunteers to resist U.S. aggression and aid the DPRK. Seeing that group after group of volunteers had gone abroad to fight, Qin Jiwei, who was very enterprising, could not keep still. Although he had learned that his unit was considering appointing him as commander of the Southwest public security troops, he still took the initiative in asking for a military assignment in the DPRK. Consequently, in 1951, he led the No. 15 Army to the DPRK to join the operations there.

In the autumn of 1952, the enemy launched in the Korean theater the long-planned "offensive at Kimhwa," and the famous Sanggamryong Ridge Campaign was thus started. It was precisely the No. 15 Army led by Qin Jiwei and Gu Jingsheng who tenaciously defended the position there.

The Sanggamryong Ridge Campaign was unprecedentedly tough, fierce, and ruthless. In a narrow belt with an area of 3.7 square km, the enemy successively deployed as many as 63,000 troops, 300 or so heavy-caliber cannons, over 170 tanks, and over 3,000 aircraft, and launched over 1.9 million shells and nearly 10,000 bombs. Hilltops were slashed by more than one meter and rocks on the hills were blown to ashes, and any clutch of the ashes contained hundreds of shell splinters.

In face of the ferocious offensive launched by the enemy, Qin Jiwei was fearless and remained calm in commanding his troops. He was well aware that the success or failure of this campaign would have a great impact on the overall Korean situation.

After 43 days and nights of fierce fighting, the Sanggamryong Ridge Campaign ended with our Army's com-

plete victory, and a total of 25,000 or so enemy forces were killed. It set a glorious example of defensive fighting with tunnel fortifications at the core, which was reputed as the "unbreakable line of defense."

Upon his return to the Motherland, Qin Jiwei was cordially received by Chairman Mao Zedong.

Qin Jiwei was an orphan when he was a child and only studied at a primary school for a few months before joining the Army. By making unremitting efforts in the past decades to study hard on his own, he has acquired a better level of literacy and kept abreast of the times.

Study Hard, Never Fall Behind

In the early period of the War of Resistance Against Japan, he made up his mind to acquire literacy by starting to keep a diary. His bodyguard carried the diary at hand no matter where they went to and put it on the table every night to urge Qin to write on it. Whenever he came across a certain word which he did not know, he would consult a dictionary or others. At first, what he kept in his diary was mostly day-to-day accounts of military operations, but later with the improvement of his literacy, he wrote down his experience and feelings of study, and his diary has become his bosom friend.

During the years of war, and even in the midst of such tense fighting as the Sangamryong Campaign, Qin Jiwei kept his diary without interruption. On one occasion, he attended a meeting at the Command of Volunteers until around 0100. He asked his bodyguard for his diary after going back to his dwelling place. His bodyguard said: "I forgot to bring it, maybe you can write it tomorrow." Qin Jiwei did not listen to him but rather ordered his bodyguard to give him a white paper to jot down an account of the day. When he returned to his army unit the following day, he copied it to his diary.

His keeping a diary reflects, in a certain respect, Qin Jiwei's strong will in acquiring literacy. In 1957, he acquired post-secondary qualifications after pursuing advanced studies in the Department of Campaign Studies of the Military Academy. Now, Qin Jiwei still keeps the learning and writing habit.

After being elected as vice chairman of the National People's Congress [NPC] standing committee, he said: "I have dedicated most of my life to Army work; now it is a very great change to shift to the NPC Standing Committee, and I have to learn again."

Strictly Administer the Army, Care for Soldiers While Leading Them

Qin Jiwei spent his youth amid heavy fire and gunpowder smoke. Because of the brutality of war, he has a

personal understanding of the importance of strict army administration. Hence, he has been calling for bold administration of the Army and, in particular, setting strict demands on leading cadres. All those who have worked under Qin Jiwei know that he always sets a high standard and strict requirements on his work, and nobody dares to be careless about tasks assigned by him.

During the interview, I heard many stories about Qin Jiwei's care for soldiers.

On one occasion, when he was commander of the Beijing Military Region, he was very angry after learning that cases of beating and scolding soldiers had successively happened at a certain unit and instantly called a regionwide telephone conference, calling for an immediate stop to those warlord-like actions. He said at the meeting: "The people give their children to us, we ought to hold ourselves responsible to them. Politically speaking, cadres and soldiers are equal, and our duty is merely to care for our soldiers, love them, educate them, and help them. How can we face the people if we beat and scold our soldiers!" There, Qin Jiwei's voice stuck and his eyes were filled with tears. Now, this event is still a story on some people's lips.

Touching Family Love at 80th Birthday Celebration

Qin Jiwei has a warm and happy family.

Last winter, when Qin Jiwei turned 80, his children held a grand birthday celebration for him. When his children lighted the blessing candles and presented a bundle of affectionate flowers to him, all of them were imbued with happiness and joy.

Tang Xianmei, Qin Jiwei's gentle and cultivated wife, specially sang a popular song called "Lovely Family." Looking at her children and grandchildren gathering round her husband, he said with satisfaction: "I am very lucky to have a happy family."

Perhaps Qin Jiwei himself does not realize how deep is the subtle influence which his character and strength has exerted on his children. At that moment, a string of past events crossed his children's minds:

His youngest son recalled a conversation with his father in 1986 when his unit was about to go to the front in Laoshan. The son made known his position to his father: "I will never let you and mother down after going to the front. If something unexpected happens to me, I will not be able to fulfill my filial duty for you." He expected that

his father would say a few words to comfort him, but to his surprise, his father said: "As a soldier, the first thing to think about is victory. I went to war for decades and experienced many tough battles; operations like yours are nothing to me!" At that time, the son could not quite understand his father's words, but later, he understood

the good intentions of his father. The father, who has rich experience in fighting, did not want his son to be affected by parting sorrows before he left, so he tried to inspire him with armymen's mettle and to give him confidence and strength in defeating the enemy.

General

Statistical Bureau Official on Economic Growth

HK0606092595 Beijing XINHUA Domestic Service
in Chinese 0959 GMT 18 Apr 95

[By reporter Zhang Jinsheng (1728 6930 0524): "State Statistical Bureau Spokesman Says National Economic Growth in First Quarter of the Year Continues To Be Stable"]

[FBIS Translated Text] Beijing, 18 Apr (XINHUA)—At a news conference for Chinese and foreign reporters held today, Qiu Xiaohua, spokesman of the State Statistical Bureau, pointed out in his briefing that China's national economy in the first quarter operated relatively smoothly, the social supply-demand relationship was basically normal, the degree of comprehensive economic growth was close to the middle-lower range of "yellow light zone" signifying steady economic growth, and the economy as a whole was developing in the direction of the set targets of regulation and control.

According to his briefing, China's economy in the first quarter still maintained comparatively rapid growth amid a steady slowdown, with GNP reaching 981.1 billion yuan, an increase of 11.2 percent over the same period last year as calculated by comparable prices, or an annual growth rate of approximately 10 percent after allowing for seasonal factors, which showed a decline in growth to some extent. Industrial production maintained moderate growth, with an increased value of 399.6 billion yuan accomplished by industrial enterprises at and above township level, representing an increase of 14.4 percent over the same period last year. The main characteristics of industrial production were: The growth of state-owned industry accelerated somewhat, the growth of light industry was obviously faster than that of heavy industry, and the rate of industrial production and marketing was raised to some extent.

Qiu Xiaohua said: The situation of agricultural production has been relatively good since the start of this year. The state financial departments and banks have increased their capital input into agriculture so that industry in support of agriculture has developed comparatively rapidly, and peasants' enthusiasm for agricultural production has been enhanced to a certain extent. In the first quarter of this year, peasants' per capita productive expenditure went up by 70 percent compared with the same period last year, and the situation of spring plowing and preparations for spring sowing was better than previous years, as shown in the tendency of an expanded sown area of principal crops. Animal husbandry production also developed steadily, with meat output in the first quarter reaching 12.7 million tonnes, up 18.2 percent compared with the same period last year. The

number of live pigs in stock increased by a relatively large margin, which was conducive to stabilizing commodity prices in the market.

According to statistics, fixed-asset investment grew steadily in the first quarter, and the structure also improved somewhat. The fixed-asset investment in state-owned units amounted to 111.8 billion yuan, an increase of 37.2 percent over the same period last year, and the margin of increase was nearly the same as that period. In the meantime, investment in agriculture and the energy industry recovered noticeably with investment in these two areas increasing by 90.1 and 40 percent respectively as compared with the same period last year.

Qiu Xiaohua continued to brief, saying: In the first quarter, the domestic markets were thriving and stable, the trend of price rises slowed down somewhat, and the income of urban and rural residents grew steadily. The total retail sales of social consumer goods came to 462.7 billion yuan, increasing by 31.3 percent over the same period last year, and real sales grew by 9.5 percent after allowing for price factors. At present, there are ample supplies of goods in the domestic markets, and residents' consumption mentality is stable. Certain results have been scored in checking commodity prices, which have been manifested in the basic control of price rises and the declining margin of increases, as demonstrated by the margin of increase of the consumer price index dropping from 24.1 percent in January to 21.3 percent in March and the retail price index dropping from 21.2 percent to 18.7 percent. The overall level of commodity prices in March was basically stabilized at the same level as in February. In the area of urban and rural residents' income, per capita income used for living expenses by residents in cities and towns was 1,038 yuan in the first quarter, an actual increase of 8.8 percent after allowing for price factors; and the per capita cash income of peasants was 455 yuan, an actual increase of 19 percent. While enthusiastically purchasing national bonds, urban and rural residents increased their deposits by 222.7 billion yuan.

According to the briefing, foreign trade grew rapidly in the first quarter, foreign exchange reserves continued to increase, and the financial situation was basically normal. The total volume of exports was \$30.95 billion, increasing by 62 percent compared with the same period last year; and the total volume of imports was \$23.87 billion, increasing by 16.9 percent. After setting off the two, there was a surplus of \$7.08 billion. By the end of March, the foreign exchange reserves had reached \$58 billion, \$6.4 billion more than at the end of last year. Actual foreign investment increased by 21 percent as compared with the same

period last year. Meanwhile, various kinds of savings deposited into, and loans granted by, banks and credit cooperatives increased by 42.2 billion and 24.7 billion yuan respectively over the same period last year, and short-term loans accounted for 75 percent of the total, which were mainly used to mitigate the contradiction of fund shortage in the industrial and commercial sectors or to increase agricultural inputs. The withdrawal of circulating currency was in a relatively good condition, as the currency placed in circulation before the Spring Festival has been totally withdrawn. By the end of March, the quantity of cash circulating in the market had increased by 24.4 percent over the same period last year.

Having analyzed the economic situation in the first quarter, Qiu Xiaohua pointed out: The economic situation in the first quarter was basically normal and presented a good momentum of development. The principal problems existing in economic life at present are as follows: First, the margin of market price increases is still too large, the fall is relatively slow, and the foundation is not very sound. The prices of consumer goods and retail prices in the first quarter increased by 22.6 and 19.9 percent respectively as compared with the same period last year, which are now still moving at a high level. Second, defaults in payments among enterprises are still relatively serious, and quite a few enterprises are still performing poorly. Third, the task of achieving bumper agricultural harvests for the whole year is still formidable. He pointed out the necessity of continuing to implement the party's pertinent policies and measures, consolidate and expand the achievements that have been attained, stick to the principle of fine tuning at an appropriate time and to an appropriate extent, intensify the readjustment of structures, work hard to promote agricultural production, and tighten control over the circulation area to bring about sustained, rapid, and healthy national economic development.

When answering the questions raised by Chinese and foreign reporters, Qiu Xiaohua explained how China's current comprehensive economic growth is close to the middle-lower range of the "yellow light zone." He said that the observation of economic boom includes 12 major economic indexes in the areas of industrial production, marketing, commodity prices, finance, foreign trade, and so on. China's economic condition before September 1993 was in a "red light zone," and after macroeconomic regulation and control and other measures, it had turned into the juncture of "red light zone" and "yellow light zone." In March this year, it entered the "yellow light zone" and began to move closer to a stable growth zone. The main indications are: 1) the economy continued to maintain a comparatively high

level of growth; 2) the relationship of total social demand and supply has turned from the previous shortage of supply to general equilibrium; and 3) market prices have changed from accelerated surge to initial decline. In future, if we continue to maintain a moderate adjustment policy and repeatedly optimize the structure, China's economy will enter a relatively good operating zone.

Measures Considered To Protect Photocopy Rights

OW0506153195 Beijing XINHUA in English
1501 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — The State Copyright Administration (SCA) has said that it is considering measures on protecting photocopy rights in China.

"Authors' interests are violated when photocopy rights are not recognized here," Gao Linhan, deputy director of the Copyright Department of SCA, told the International Seminar on Reprography Rights that opened here today.

China is considering reviewing its copyright law, an action that might give reproduction rights a clearer position, Gao noted, adding that in this respect, the country has begun to learn from other countries.

Though photocopy rights have been recognized in some ten industrial countries, they have yet to be recognized under Chinese law.

Tarja Koskinen Olsson, Chairman of the International Federation of Reproduction Rights Organizations, told the meeting that Chinese authorities are showing great improvement in talking about the protection of photocopy rights.

Experts say that they believe that if photocopy rights are protected in the country, it will bring China's copyright protection more in line with international norms.

"Photocopy technology has had a great impact on copyrights as every year 260 billion documents are copied in the world," said Shen Rengan, deputy director of the SCA.

Gao said that there will be no theoretical problem in recognizing photocopy rights in a revised copyright law, but that enforcement could prove to be a major headache.

Olsson said that the international society should understand the actual situation that China faces, where many of the large users of copiers include universities, research institutes, and state administrative departments.

Deng Nan on Success in Economic Development

OW0506155195 Beijing XINHUA in English
1526 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — China is stepping up efforts to implement a sustained development strategy and appealed here today to the international community for cooperation.

Speaking at the 18th Pacific Science Congress (PSC) which opened here today, Deng Nan, deputy minister of the State Science and Technology Commission (SSTC), said China has had initial success in seeking its own sustainable method of national economic and social development over the past year.

"Having neither the environmental advantages the developed countries had during their period of industrialization, nor the advantages in funds and technology, China, whose development has been handicapped by its huge population, relatively limited resources, and fragile environment, must find its own path to sustainable economic and social development," the deputy minister said.

She told the congress of 1,000 scientists from 50 countries and regions in the Pacific rim that the sustainable path was outlined in "China Agenda 21", which was published by the central government as a white paper in 1994.

She said central government departments are closely cooperating with each other to push the agenda, which was designed to maintain rapid economic growth and utilize resources in an efficient and sustainable way while improving the environment.

"The agenda will be realized in various ways and through different channels," the deputy minister said.

Many of the State action plans, such as "China Environmental Action Plan" and "China Biodiversity Protection Plan" which are being drawn up or implemented, are guided by the agenda and part of the specific efforts China has made to implement the agenda, Deng explained.

She explained that China is also formulating or revising its sustainable-development-oriented laws, regulations, and policies.

"In terms of environmental protection, China is planning to make laws preventing and treating solid waste pollution and noise pollution, and to revise laws on air, water, and ocean pollution," she added.

"Mainly relying on the efforts of the Chinese, China has the determination to accomplish the tasks set by the

agenda in the struggle of generations to come," Deng said.

"We also welcome international participation in facing the tasks, which means involvement in the great cause of sustainable development in a country with a population that is one-fifth of the world's population," she said.

Global cooperation, including sufficient funding and transfer of environmentally-sound technology with preferential or non-commercial terms to developing countries, will facilitate the ability to implement Agenda 21, which is a global sustainable development strategy signed by leaders of most nations at a United Nations Environment and Development Conference held in 1992 in Brazil.

More Contracts Signed for Three Gorges Project

OW0606091895 Beijing XINHUA in English
0817 GMT 6 Jun 95

[FBIS Transcribed Text] Yichang, June 6 (XINHUA) — A dozen new contracts involving a total of 664 million yuan have been signed for the construction of the Three Gorges Project, the largest water-control project in the world, the project sources said here today.

The contracts, signed by a development corporation of the project and constructing companies, involve 11 projects including the ground work for the Three Gorges Power Station and buildings related with navigation.

A total of 45.6 million cu m of earth and stone, equivalent to the total for several large thermal power stations, has been removed since the beginning of the preparations for the project.

Construction of three principal projects on the northern bank of the Chang Jiang are going smoothly and 80 percent of the construction for a diverting canal on its southern bank has been completed.

So far, more than 1,000 project programs have been contracted, involving more than three billion yuan.

With a planned total investment of billions of yuan, the Three Gorges Project is expected to go into full operation by the year 2009.

Daqing Completing World's Largest Polymer Project

OW0606095595 Beijing XINHUA in English
0943 GMT 6 Jun 95

[FBIS Transcribed Text] Harbin, June 6 (XINHUA) — A polymer project, the largest of its kind in the world, is expected to go into operation this October in China's

largest oilfield, the Daqing Oilfield in Heilongjiang Province.

With French, Japanese and American equipment, the project is expected to produce an annual 50,000 tons of polypropylene acid amides, chemicals widely used in oil tapping, papermaking, metallurgical industry and water treatment.

Polymeric injection is considered effective worldwide for raising the oil recovery rate from thick oil seams.

The Daqing Oilfield expects to get 8,000 tons of polypropylene acyl and amine from its polymer project by the end of this year.

Experts believe that the project will help the oilfield maintain a steady oil output over the next few years.

The Daqing Oilfield has produced a total of 1.293 billion tons of crude oil since it went into operation in 1960, with its annual output topping 50 million tons.

The oilfield has used polymer to increase its recovery rate from thick oil seams in which water accounts for as much as 80 percent, according to experts from the oilfield.

Experiments show that each ton of polymer injected into oil seams can bring Daqing an additional 150 tons of crude oil, a recovery rate increase of more than 10 percent.

Experts say that Daqing plans to inject more than 200,000 tons of polypropylene acid amides into its oil seams in the next five or six years, which is expected to produce an additional 30 million tons of crude oil.

Textile Council Reports Drop in Materials Prices

OW0606091595 Beijing XINHUA in English
0758 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — The once-soaring prices of textile materials on the Chinese market have started to go downhill, and some textile products are piling up in warehouses, according to sources at the National Textile Industry Council.

From January to April this year China produced 8.9 million bales of cotton yarn, or 1.6 million tons, 11 percent in excess of the demand. The country is set to curb the production of cotton yarn in order to speed up the restructuring of the traditional industry.

The sources said that the supply of textile materials on the domestic market is likely to keep a balance with the demand this year.

It is predicted that three million tons of cotton used for spinning will be supplied in 1995, plus 1.3 million tons

of short-staple cotton and imports. The aggregate supply is able to meet the demand of China's cotton mills.

Therefore, prices of cotton textile materials have begun to drop. For instance, short-staple trueran now sells at 22,500 yuan (about 2,680 US dollars) a ton, down from 23,500 yuan at the end of last year, and the price is expected to go on falling. Some textile products have seen a ten-percent decrease in selling prices and stocks are ballooning, according to the Council.

Prices of textile materials started to surge at the 1994 year end due to a misleading market signal indicating a shortage of cotton. The price hike, as high as 20 percent, has caused profit cuts for some Chinese cotton mills.

In the first four months China imported 320,000 tons of raw cotton, and 111,000 tons of short-staple cotton.

Government To Tighten Control Over Meat Markets

OW0506165195 Beijing XINHUA Domestic Service
in Chinese 0655 GMT 30 May 95

[By reporter He Jingsong (6320 0513 2646)]

[FBIS Translated Text] Beijing, 30 May (XINHUA) — According to the Ministry of Internal Trade (MIT), because of declining pig purchasing and selling prices and rising feed prices, the ministry will tighten its regulation over the meat markets during the second half of the year in an effort to stabilize meat supply and demand.

Meat plays an important role in the "food basket" project, and even in the entire consumer goods market. The MIT urges all state-owned distributors in the country to set up central and local meat reserves as well as funds to guard against risks relevant to nonstaple food production. Currently 36 provinces and municipalities have had 274,000 tonnes of pork reserves altogether. The MIT said it would continue to tighten its regulation over pork reserves and would never permit any unauthorized use of these reserves, lest there be neither money nor meat available when they are needed. It said: The pressing task now is to immediately set up local reserves and funds against risks. In the event local meat markets fluctuate, the local reserves and funds against risks should be used first. If these reserves and funds are insufficient to meet the needs, state and relevant departments will, with approval, use their reserves to meet the demands. No local authorities may benefit from the central reserves if they fail to establish their own reserves, or if their reserves are seriously inadequate. This year, the MIT will continue to carry out the plan of appropriately adjusting pork supply between provinces in a timely fashion so as to regulate the

quantity, variety, and flow of pork supply and stabilize the meat market.

The MIT also urges all local state-owned food businesses to diversify their food reserves and develop frozen, pre-cut and pre-packaged meat products, instead of reserving mostly marbled meat as before. It said: To satisfy market needs, there should be greater reserves of livestock as well as processed meat products. Supervision over markets should also be tightened, and a system providing pig-related information should be established. To provide the state the basis for exercising macroeconomic regulation, commercial departments in all localities should assign full-time personnel to take charge of collecting, analyzing, and reporting meat market information.

Better Management of Tobacco Exports, Imports Urged

OW0506165095 Beijing XINHUA Domestic Service in Chinese 0730 GMT 30 May 95

[By reporter Zhou Liang (0719 0081)]

[FBIS Translated Text] Beijing, 30 May (XINHUA) — The State Tobacco Monopoly Bureau recently stressed: Relevant departments should further strengthen the monopolistic management of the tobacco export and import business.

The State Tobacco Monopoly Bureau noted: The "Law on Tobacco Monopoly" contains explicit provisions regarding the tobacco export and import business. It designates cigarettes, cigars, cut tobacco, double-flue-cured tobacco leaves, tobacco leaves, cigarette paper, filters, tobacco threads, and machinery for exclusive use in processing tobacco as tobacco monopoly products. The State Council's tobacco monopoly administrative department will be responsible for managing the export and import of such products, as well as economic and technological cooperation with other countries on such products. The State Economic and Trade Commission and the Foreign Trade and Economic Cooperation Ministry also specifically issued a notice in April last year, in which they pointed out: All enterprises that export and import tobacco monopoly products must apply with the State Tobacco Monopoly Bureau for special tobacco monopoly trading enterprise permits. The State Tobacco Monopoly Bureau will authorize the China Tobacco Import and Export Corporation to specifically take responsibility for the nationwide export and import of tobacco monopoly products in accordance with state policies on foreign trade.

Jiang Ming, State Tobacco Monopoly Bureau director, said: Because of the tobacco trade's specific character, China needs to exercise monopolistic management,

and does not permit the disruption of export and import order or domestic market supplies. He pointed out: Except for the China Tobacco Import and Export Corporation, its affiliated companies, and specifically designated foreign trade companies, no other units and individuals may export and import tobacco monopoly products through illegal means. Enterprises in the tobacco sector are not permitted to buy tobacco monopoly products from illegal trading units. The tobacco monopoly sector will work more closely with customs, public security, and industrial and commercial departments to resolutely investigate and crack down on all activities involving the smuggling of tobacco monopoly products, the sale of smuggled products, and the illegal trading of tobacco monopoly products.

Commentator on Reducing Regional Disparities

HK0606093895 Beijing LIAOWANG in Chinese 10 Apr 95 No 15, p 1

[Commentator's article: "A Brief Talk on the Gap Between the Eastern Part and the Western Part of the Country"]

[FBIS Translated Text] In the contemporary world, there is a North-South problem, which refers to the relationship between the developed and less developed countries. In our country, there is an east-west problem, referring to the relationship between the eastern coastal areas and the western interior areas. Of course, these are contradictions of two different characters; but there are also a certain common point, and both are problems related to an economic gap and a disparity between the rich and the poor.

Differences exist between the conditions of economic development in the eastern part and in the western part of our country, and it is no wonder that people pay attention to and discuss this problem. Since the beginning of reform and opening, the economy in the southeast coastal area has been developing rapidly. The localities have increased their economic strength, and the people there have substantially raised their living standards. By contrast, economic development in the western region lagged behind relatively, and they have remained weak economically with a considerable proportion of the population still living in poverty. Is this a good thing or a bad thing? Is this reasonable or unreasonable? How to narrow the gap?

To answer this question, first, we should have a "yardstick" (criterion) for measuring up the quantities of things and see whether the situation is acceptable or unacceptable. There should be no conclusion in too general terms. Second, we should make comprehensive analysis, and we cannot base a judgment on certain intuition

or certain phenomena. Third, things should be viewed with an eye on the course of their development.

"As the gap between the eastern part and the western part is getting wider and there is a great disparity between the rich and the poor, is this not polarization? This is a very serious problem." Some people hold this opinion. The gap between the eastern part and the western part is indeed getting wider. In recent years, the southeast coastal areas maintained an annual economic growth rate of about 20 percent, but the growth rate in the western areas was about 8 percent; the low-income population living in the western areas with per capita income lowering than 500 yuan a year accounts for 54 percent of the nation's total low-income population, while the population with annual income above 1,500 yuan in the eastern areas account for 64 percent of the nation's high-income population above this level. The figures give expression to the regional difference and the gap between the rich and the poor. However, such regional differences cannot be described as a "great disparity between the rich and the poor [pin fu xuan shu 6302 1381 2038 2992]," still less can this be described as a "polarization [liang ji fen hua 0357 2817 0433 0553]." The reason is simple: Our nation as a whole is on the way to a condition of being well-off. In the eastern areas, only a small number of villages and towns and a small number of individuals have become well-off, but the whole area is still far from being considered as affluent. Some economists came up with another point of view: The east-west gap in our country is getting relatively narrower because of the economic growth in the western areas, although the gap may also be regarded as getting wider in another aspect. In 1978, the highest regional GDP was 14.3 times the lowest regional GDP in our country (that was the ratio between the richest area and the poorest area); in 1985, the ratio became 9.2 times; in 1991, it was 7.5 times. The ratio has continued to get smaller in recent years. As another example, in the years when reform and opening just began, the population living in poverty in the whole country accounted for over 30 percent of the total national population; with efforts over more than 10 years, the proportion of people living in poverty declined to 8 percent. A large proportion of the people who have shaken off poverty in recent years live in the western areas. This shows that the gap between the eastern part and the western part of our country is a phenomenon in the course of development, and it is not too serious and not terrible at all.

In any country, in the course of economic development, it is inevitable that there is unevenness in regional economic development with some areas getting rich faster than others. This is also the case in our country.

A leader of Shaanxi Province was correct by saying that if the southeast coastal areas had not been allowed to get rich ahead of other areas, there would not be such a good situation of reform and opening in China today and we would not have such great comprehensive national strength.

Some people said: "Should not those who get rich first help and bring along those who get rich late? But what we see is the fact that the spring river water is flowing eastward." Here, the so-called "spring river water" refers to funds, skilled manpower, energy, and materials. Those in the east should not forget that the prosperity and development in the eastern part of the country also benefits from the substantial manpower, financial, and material support from the western area; and such support is indeed creditable. The eastward flow of the "spring river water" from the western areas will inevitably widen the gap between the east and the west, and that is the major reason why the central government must exercise macro-control over the circulation of funds and investment activities. However, being affected by the market mechanisms, the distribution of resources is benefit-oriented. This should be analyzed properly and viewed with an eye on the course of development, and should not regard normal circulation as a drain.

Economic development in the eastern part sets an example for the western areas, and this is the greatest role of the eastern development. The concepts of the market economy, competition, reform, and opening are lashing at the closed and conservative mentality of people in the western part and have given a strong impetus to economic development there. For more than 10 years in the past, the western part lagged behind the eastern part, but as compared with itself in the past, the western part made impressive progress. There were some noticeable economic phenomena in the last two years: First, enterprises in the south are moving to the north and factories in the east are moving to the west. Some entrepreneurs in the eastern areas are seeking cooperation in the central and western parts of the country. Second, the growth speed of township and town enterprises in the western areas surpassed that of those in the eastern areas for the first time last year. Third, a large quantity of the work force in the west moved to the east, and they not only brought money back but also brought technical know-how and work experience home to run their own factories. Does this not show that the east is promoting the west's development?

Of course, such a propelling force remains rather weak for the time being. It is believed that when development in the east brings about another round of industrial structural upgrading, it will give a stronger impetus to industrial development in the west. Then, people will

more strongly feel that the areas that have got rich earlier are effectively promoting development in other areas.

"The east is benefiting from favorable policies." This is an incorrect opinion. In the course of economic development, people always give consideration to areas with more favorable conditions and with possibilities of yielding quicker returns. The state and local authorities also make arrangements in this way. At the beginning of reform and opening, the government indeed provided favorable policies and conditions for the special economic zones and the coastal economic development zones in order to prompt them to make development ahead of other areas and to gain experience for the central and western areas. The government work report to this year's session of the National People's Congress particularly emphasized the need to support economic development in the western areas and to narrow the east-west gap. At present, the east-west gap is a problem in the course of development. Such regional differences will continue to exist in the future. It should be noted that an excessively large gap will not only be unfavorable to the west, but also unfavorable to the east and to the national economy as a whole. Narrowing the gap is our objective.

What to do? Should the growth speed of the east be restrained? No. Slowing down the growth speed of the east will just make it lose its exemplary role, and this is unfavorable to the development of the national economy as a whole. Can a portion of the "cake" in the east be cut and passed to the west? No. A provincial leader in the west was good in saying that the west does not need assistance like that to the poor areas, and what they need is cooperation which enables both sides to complement each other's advantages and share common benefit so that new growth points in the economy of the western areas can be created. The fundamental way to narrow the east-west gap is to quicken the economic growth speed of the local economies in the west and to enable the west to catch up as soon as possible. In the last few years, the provinces and autonomous regions in the west have been playing this very card.

It is a good thing that people in our country are concerned about the gap between the east and the west. Our people are determined, and also have ability, to let the east to go one step ahead of others and get rich first; and they also have ability to make the west catch up.

Finance & Banking

Interim Rules on Individual Income Tax

OW0606025595 Beijing XINHUA Domestic Service
in Chinese 0919 GMT 26 May 95

[FBIS Translated Text] Beijing, 26 May (XINHUA) — **Interim Regulations on Filing Individual Income Tax Return by Taxpayers Themselves** Article 1. These regulations are formulated in accordance with the "PRC Individual Income Tax Law" (hereinafter referred to as the Tax Law) and its regulations for implementation, the "PRC Law on the Administration of Taxation" (hereinafter referred to as the Taxation Administration Law) and its regulations for implementation, and relevant administrative laws and regulations.

Article 2. Anyone who is obliged to pay tax (hereinafter referred to as taxpayer) as stipulated in Article 1 of the Tax Law and is under one of the following circumstances should file his income tax return with taxation authorities on his own:

- (1) receiving wages or salaries from two or more sources;
- (2) receiving taxable income, but has no withholding agents;
- (3) separately receiving one-time labor remuneration income, author's remuneration income, income from use of special rights, or property lease income;
- (4) receiving taxable income, but the withholding agent has not withheld the tax in accordance with stipulations;
- (5) being required to file a tax return on his own as stipulated by the department in charge of taxation.

Article 3. A tax return is generally filed with the taxation authorities in the place where the source of income is located. When a taxpayer receives wages or salaries from two or more sources, he may choose to file his tax return with the taxation authorities in either of the places on a regular basis. When income is received from abroad, the taxpayer should file his tax return with taxation authorities in the place where his household registration or regular residence stand. A taxpayer's request to change the location for filing his tax return must receive approval from the original tax authorities.

Article 4. When a taxpayer is filing his tax return, the individual income tax he has paid within and outside China will be allowed to be deducted from the amount of payable tax in accordance with the stipulations.

Article 5. Except under special circumstances, a taxpayer should file his tax return with taxation authorities

by the seventh day of the following month after receiving taxable income.

The amount of tax on income from the production and business operations of an individual unit of industry and commerce, who keeps complete books of account, is computed on an annual basis and paid by the taxpayer in advance on a monthly basis — by the seventh day of each successive month. The final settlement shall be made within three months after the end of the tax year with any excess tax payment refunded or any deficiency repaid. The amount of tax on the income from production and business operations of an individual unit of industry and commerce, who does not keep complete books of account, should be set and collected by local taxation authorities in accordance with the stipulations in the Taxation Administration Law and its regulations for implementation.

When a taxpayer receives a one-time income from business profits out of contracted and leased operations at the end of the year, he should file his tax return within 30 days after the day this income is received; when the income from business profits out of contracted and leased operations is divided and received by the taxpayer within a year, the taxpayer should file his tax return and pay the tax in advance within seven days after the day of each receipt, and the final settlement shall be made within three months after the end of the tax year with any excess tax payment refunded or any deficiency paid.

When a taxpayer receives income from outside the country, and if his taxable individual income sourced outside China has been taxed in the tax year of the place outside China, he should file his tax return with the Chinese taxation authorities within 30 days after the end of the tax year of the country where the income is from and after his tax payment is settled there. If the tax payment has been settled when the income is received outside China, or if the income is exempted from individual income tax in accordance with the laws of the country from which the income is sourced, the taxpayer should file his tax return with the Chinese taxation authorities within 30 days after 1 January of the following year.

Article 6. Taxpayers may file tax returns on their own or entrust other people to file tax returns for them within the stipulated time limit, or do it through the mail. When a tax return is filed by mail, the postmark date on the mailing source is the actual date of filing.

Should the last day of the time limit for filing tax returns fall on a holiday, the day following the holiday shall become the last day of the time limit.

Article 7. When a taxpayer really has difficulties filing his tax return on time, he may put off the filing of his return with taxation authority approval.

When a taxpayer is not able to pay taxes on time due to special difficulties, he may postpone his tax payment, three months at maximum, with approval of a taxation bureau (subbureau) at or above county level.

Article 8. When filing a tax return, a taxpayer should distinguish each taxable income, correctly enter it into the tax form, and submit the form with relevant information according to stipulations formulated by taxation authorities.

Article 9. Taxation authorities shall check taxpayers' incomes and tax payments; taxpayers must report the facts, provide relevant information, and should not refuse giving or conceal facts. In conducting inspections, taxation officers should show their taxation inspection papers and have the responsibility to keep secrets for the inspected.

Article 10. Taxation authorities should set up taxation archives for taxpayers who file tax returns on their own, and follow up, supervise, and check their files on a regular basis.

Article 11. Everybody has the right to report and expose taxpayers who do not file tax returns in accordance with the stipulations. Taxation authorities should keep the identities of informers a secret and award the informers according to stipulations.

Article 12. Taxpayers who are found to have evaded taxes in violation of stipulations should be punished in accordance with the Taxation Administration Law and the "National People's Congress Standing Committee Supplementary Provisions on Punishing Tax Evasion Offenses."

Article 13. Any matters not stipulated in these regulations shall be handled in accordance with relevant taxation laws and administrative rules.

Article 14. All provincial, autonomous regional, and municipal state taxation bureaus and local taxation bureaus may, according to the principles set by these regulations, formulate specific rules for implementing these regulations in light of their own actual situations and scopes of taxation and management, and file their specific rules to the State General Administration of Taxation for the record.

Article 15. The State General Administration of Taxation shall be responsible for interpreting these regulations.

Article 16. These regulations shall come into effect on 1 May 1995.

[Signed] The State General Administration of Taxation

Efforts To Establish Financial Precautions System

OW0506113895 Beijing XINHUA in English
1056 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — China is making efforts to set up a highly modernized and sensitive national financial precaution system in two years, according to a senior central bank official.

Tang Yunxiang, director of the examination and supervision department of the People's Bank of China, was quoted by the "Financial News" as saying that accelerating financial globalization and integration has posed mounting challenges to the presently predominant method of spot checks.

While acknowledging the positive contributions that spot checks have made, Tang said the old method has obvious demerits that may result in potentially grave risks.

It takes more than ten years for China's less than 10,000-person financial supervision contingent to complete a national checkup of the country's 240,000 financial institutions, according to Tang, who said that the cycle is so long that it is hardly possible for the authorities to take timely measures in case of financial problems.

"Spot checks will continue to be necessary but the contradiction between the inadequacy of supervisory manpower and the large number of financial institutions must be resolved as soon as possible," Tang said.

He said he believed that the central bank's efforts to step up supervision are also in the interests of the country's commercial banks, policy banks, insurance companies and non-banking financial institutions, which are urged to present to the central bank complete, true and accurate data.

Observers say that financial supervision has never been so imperative as today now that China has passed a central bank law and a commercial bank law in an effort to standardize its banking sector.

Presidents of Major Banks Comment on Bank Law

HK0606092195 Beijing RENMIN RIBAO in Chinese
29 Mar 95 p 2

[Article by staff reporter Shi Mingshen (2457 2494 1957): "Legal Guarantee for Financial Macroscopic

Regulation and Control— Six Bank Governors Talk Freely About 'People's Bank Law'"]

[FBIS Translated Text] On 21 March, the "PRC People's Bank of China Law" (called the People's Bank Law for short) was formally promulgated and implemented, which caused great interest inside and outside the country. A few days ago, presidents of the People's Bank, the Development Bank [the State Development Bank], and four other banks expressed their views on this issue.

A Major Event of the Financial Sector

Zhou Zhengqing (vice governor of the People's Bank of China): The "PRC People's Bank of China Law" is the central bank law of our country, and it is an important law for the People's Bank of China to better fulfill the tasks of formulating and implementing the monetary policy, enforcing stronger financial supervision, and guaranteeing the safe and effective operation of the financial system.

Yao Zhenyan (president of the State Development Bank): From 1981 on, the State Council had mentioned the People's Bank of China as the central bank. In 1986, the "PRC Provisional Regulations on Bank Administration" were promulgated, which clearly defined the People's Bank of China as the central bank. However, since the conditions were not ripe, the functions of a central bank had not really been exercised. With the constant progress of the socialist market economic system and the constant deepening of the financial restructuring, three policy-oriented banks, apart from the central bank and several specialized banks, were founded last year. This year, preparations have been made for setting up the Bank of Urban Cooperation and a number of foreign banks have been allowed to set up branches and agencies in China, as well as other non-banking financial institutions. In this way, a clearly defined financial organizational system has basically taken shape in our country. The introduction of the central bank law is an objective requirement of our country's economic development. Clearly defining the nature, status, and responsibilities of the central bank by law will play an important role in guaranteeing that the central bank will exercise its power according to the law and effectively carry out macroeconomic regulation and control.

Zhang Xiao (president of the Industrial and Commercial Bank of China): The promulgation of the "People's Bank Law" is a major event of our country's financial sector and even a major event in our country's economic life. It marks the beginning of bringing our country's financial business within the orbit of legal system building, which will play an important role in our

country's economic development and will have an important guiding meaning in the transformation of various specialized banks to state-owned commercial banks and in their business expansion. The Industrial and Commercial Bank will submit ourselves to the supervision of the People's Bank over our business according to law and safeguard the legal and steady operation of our country's financial business.

Define the Responsibilities, Standardize the Practices

Zhou Zhengqing: According to the regulations of the "People's Bank Law," "the People's Bank of China, under the State Council's leadership, formulates and implements the monetary policy and enforces supervision over financial business." In this way, the responsibilities of the People's Bank of China are defined by the law, which will be favorable to the exercise of the central bank's role in macroeconomic regulation and control. In addition, the "People's Bank Law" clearly sets the objective of the monetary policy; sets up an organization called the Monetary Policy Commission; and fixes the instruments by which the central bank implements monetary policy. These regulations will play a positive role in the way the People's Bank of China flexibly employs, in light of the macroeconomic situation, such means as the official deposit reserve ratio, refinancing, interest rates, and open-market operations to gradually establish a system of macroeconomic regulation and control with indirect regulation and control as the primary means and to promptly regulate the money supply. Moreover, the "People's Bank Law" also standardizes the People's Bank's own practices, such as the bank must not overdraw financial and banking institutions' accounts, extend loans to local governments and government departments at all levels, and extend loans to non-banking financial institutions. All these regulations help the central bank fulfill its own responsibilities and guarantee the smooth implementation of the monetary policy.

Conscientiously Enforcing the "People's Bank Law"

Wang Qishan (president of the People's Construction Bank of China): A relatively stable policy and environment are needed for the development of commercial banks, whereas fixing financial policies in a legal form is an effective means to guarantee the continuity of financial policies. The system of laws and regulations for the financial market set by the "People's Bank Law" and the "Commercial Bank Law," which is to be introduced soon, will provide an important legal guarantee and a better environment for the development of the Construction Bank. As a state-owned commercial bank, the Construction Bank has to strictly enforce various regulations

on financial supervision and vigorously help the central bank fulfill the duties of supervision. This is a necessary requirement for developing all kinds of banking business and for preserving and increasing the value of state-owned assets.

Wang Xuebing (president of the Bank of China): The state has defined, in a legal form, the nature and status of the People's Bank of China and has guaranteed the scientific nature and authoritativeness of the People's Bank of China in formulating and enforcing monetary policy, thus ensuring, once and for all, the steady operation of the financial system. The Bank of China is a large international bank, and the promulgation and implementation of the "People's Bank Law" will facilitate merging our country's financial business with that of the international community and enable the Bank of China to engage in its domestic and overseas banking business in a better way. At present, we have organized all the staff of the bank to seriously study the law and, at the same time, we have vigorously taken the initiative in propagating the law across the society and among our clients.

Yao Zhenyan: As a policy-oriented financial institution directly led by the State Council, the State Development Bank bears responsibility for exercising macroscopic regulation and control over the aggregate supply of funds and its structural allocation in key state construction projects, which our bank is responsible for financing. Meanwhile, as a policy-oriented state bank, we must also accept the central bank's guidance and supervision. Hence, the State Development Bank will conscientiously accept the central bank's supervision over the financial business of our bank.

Wang Mingquan (president of the Bank of Communications): The "People's Bank Law" is a law on the central bank, but it also has an important meaning for commercial banks. At present, commercial banks in our country are accelerating the pace of reform with standardization as their aim. To establish standardized commercial banks in our country, we have to standardize commercial banks' own system and their practices of operation, but we must also standardize the market environment, including the standardization of the system of industrial and commercial enterprises and of their operating practices and the standardization of the central bank functions, policy objectives, and supervisory practices. At present, as the focus of reform this year, state-owned enterprises are speeding up the reform of building a modern enterprise system. Under such circumstances, the introduction of the "People's Bank Law" will undoubtedly create new and extremely important external conditions for our country's commercial banks' march to standardization. The Bank of Communications is a

joint-stock commercial bank and we will strive to readjust, in accordance with requirements of the law, our relationship with the People's Bank conscientiously accept the People's Bank's supervision; enforce various industrial policies set by the People's Bank; standardize our own practices; and make a new breakthrough, under the leadership of the People's Bank, in the reform and development of the Bank of Communications.

Banks 'Committed' to Technology Sector Investment

HK0406085895 *Beijing CHINA DAILY (BUSINESS WEEKLY) in English* 4-10 Jun 95 p 1

[By Jing Rong: "Major Banks Focus on Technology Industries"]

[FBIS Transcribed Text] China's major banks committed to pour more funds into the development of the technology industry, which has received a large number of loans in the past decade.

The Bank of China [BOC], the country's major foreign exchange bank, this year is expected to grant 600 million yuan (\$72.2 million) of loans for technology development.

That is a 20 per cent increase from last year, said Jia Zaisen deputy general manager of BOC's first credit department.

The loans will support more than 300 projects, which are still being selected, he said.

By the end of last year, the bank's outstanding loans to the technology industry amounted to 860 million yuan (\$103.6 million), supporting more than 1,000 projects.

The People's Construction Bank of China disclosed that it will supply 1 billion yuan (\$120 million) of loans to the technology industry this year.

About 130 projects with quick investment return and low risk are under consideration.

The bank supplied 2.75 billion yuan (\$331 million) of loans in the past five years to support over 1,100 technology projects. Zhang Xiao, the president of the Industrial and Commercial Bank, also promised to expand the bank's loans to technology research projects.

She said sticking to the combination of the financial industry with the technology will result in a strong boost in the commercialization of the technical achievement.

Meanwhile, it will help banks improve their credit assets structure and the efficiency of credit funds.

Since the bank started technology credit in 1984, the bank has supplied more than 35 billion yuan (\$4.2 billion) by the end of last year, the largest among

the country's financial institutions. The loans have supported more than 55,400 projects, which have gained 21.3 billion yuan (\$2.5 billion) in pretax profits for the bank.

The Agricultural Bank of China, the leading financial arm for rural investment, is also doing its utmost to assist the development of high technology for use in farming and manufacturing. It has disbursed more than 100 billion yuan (\$12 billion) for farm-related technology since it first started to grant technology-earmarked loans in 1985.

Since 1990, the Agricultural Bank has given loans to the industrial high technology development programme. It has granted 14.5 billion yuan (\$1.7 billion) in loans so far.

Bank officials expect a quick economic return for their loans to the technology sector because of the high efficiency.

The projects are in seed production, fertilizing, irrigation, animal breeding, telecommunication, electronics and biotechnology development sectors.

Shanghai Formally Inaugurates Commodity Exchange

OW0606053495 *Beijing XINHUA in English* 0257 GMT 6 Jun 95

[FBIS Transcribed Text] Shanghai, June 6 (XINHUA) — The Shanghai Commodity Exchange (SCE) has formally gone into operation in this leading economic hub of China.

The SCE came into being through the combination of the Shanghai Oil Exchange, the Shanghai Building Materials Exchange, the Shanghai Agricultural Capital Goods Exchange and the Shanghai Chemical Goods Exchange.

On April 16 China's securities authorities gave the green light to the SCE to try futures trading, and approved its constitution, trading regulations and trading items.

By the end of May some 20.50 million contracts worth a total of 388.1 billion yuan changed hand at the SCE, leading other exchanges in the country.

The SCE has 250 member firms doing business for nearly 10,000 clients from more than 20 provinces, autonomous regions, and municipalities.

In co-operation with banks, the SCE has set up a settlement center to rein in risks found in the market.

The SCE is also equipped with a computerized trading system, including 346 terminals and advanced satellite

telecommunication facilities, to help traders settle their accounts.

Per Capita Bank Savings Increase in Guangzhou
OW0606072895 Beijing XINHUA in English
0656 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Putting spare money into banks has become the main investment vehicle for residents in China's booming city of Guangzhou.

According to statistics from the Guangzhou Branch of the People's Bank of China, individual savings in local financial institutions saw a net increase of 20.2 billion yuan (about 2.43 billion U.S. dollars) in 1994, up 40 percent from the previous year.

The increase has brought the city's per capita bank savings to some 10,000 yuan to date.

That constitutes a sharp contrast to the situation in 1992 and 1993, when bank deposits shrank drastically because most residents believed investing in stock markets and real estate would lead them to quick riches.

"Doing big business means higher risks, yet the present stock and real estate markets are too sluggish to invest in," said private businessman He Sheng. "The best way to handle idle money is, therefore, to add to your bank account."

His view is widely shared by most city dwellers, who have shunned the volatile securities market and resigned themselves to investing in low-yielding bank saving for the sake of safety.

The increase in bank deposits can also be attributed to the two rises in the interest rate in 1994 as well as improved bank services. In some commercial districts there have emerged banking outlets which provide round-the-clock services.

However some experts say that the fact that more people prefer putting money into banks to other types of investment indicates that their investment concept is still rather "conservative."

Increasing bank deposits is conducive to the government's macro regulation, but it will reduce purchasing power, which in turn will hurt economic growth to some extent.

"Once the stock and bond markets heat up again, people are likely to turn to those investment vehicles once more," said an official at the Guangzhou Financial Center.

Foreign Trade & Investment

New MOFTEC Regulations on Barter Trade
HK0606062795 Hong Kong CHING CHI TAO PAO
in Chinese 17 Apr 95 No 15, p 15

[From the "Chinese Economic News" column: "New Regulations on Barter Trade"]

[FBIS Translated Text] The Ministry of Foreign Trade and Economic Cooperation [MOFTEC] recently made new regulations on barter trade:

1. In barter trade, except for grain, tungsten ore, crude oil, and finished oil, the export of which still should be submitted for approval in accordance with regulations, controls over export of other commodities have been lifted.
2. During the Eighth Five-Year Plan, controls over import of commodities from places of origin for barter trade and for economic and technological application projects (for both production and non-production purposes) have been lifted in principle. Import plans or quotas will no longer be issued and there will be no need to go through the procedure for import approval or permits. All enterprises with the right to conduct barter trade may do business independently.
3. In barter trade, the commodities to be imported must be those produced in the stipulated countries with which barter trade is carried on rather than those transshipped from these countries but produced elsewhere.
4. With regard to imported commodities over which the state has lifted controls, customs clearance can be obtained by presenting barter contracts.

Rules Governing Foreign Investment Companies
HK0606095795 Beijing ZHONGGUO ZHENGQUAN
BAO in Chinese 18 Apr 95 p 2

["Interim Provisions on the Setting Up of Foreign-Backed Investment Companies" issued by PRC Ministry of Foreign Trade and Economic Cooperation]

[FBIS Translated Text] In order to encourage foreign investors to come to China to invest, bringing with them advanced technology and management expertise, foreign investors are permitted to set up companies of an investment nature (hereinafter referred to as investment companies) in accordance with China's laws and regulations governing foreign investment and these provisional regulations.

Article 1 The investment company referred to in these regulations is defined as a company involved in direct investment set up by a foreign investor in China and

funded either solely by him or jointly with a Chinese investor. The company shall be in the form of a limited liability company.

Article 2 An applicant for the establishment of an investment company shall meet the following requirements:

1. a. The foreign investor shall have a good credit record and possess the necessary financial strength for the establishment of an investment company. The investor's total assets at one year before the application is made shall be worth not less than \$400 million, and he shall have set up a foreign-funded enterprise in China with his share of actual paid-up capital in the registered capital amounting to over \$10 million; he shall also have had more than three of his investment project proposals approved, or: b. The foreign investor shall have a good credit record and possess the necessary financial strength for the setting up of an investment company. In addition, he shall have already established more than 10 foreign-funded enterprises in China engaging in a production industry or the construction of infrastructural facilities, with his share of actual paid-up capital in the registered capital amounting to more than \$30 million;

2. For an investment company set up in the form of a joint venture, the Chinese investor shall have a good credit record and possess the necessary financial strength for the setting up of an investment company; he shall also have assets worth not less than 100 million yuan renminbi;

3. The registered capital of the investment company shall be not less than \$30 million.

Article 3 An applicant for the setting up of an investment company shall submit the following documents to the Ministry of Foreign Trade and Economic Cooperation (hereinafter referred to as MOFTEC) for examination and approval after they have been examined and approved by the department responsible for foreign trade in the province, autonomous region, municipality, or city with separate listing in the state plan where the investment company is proposed to be set up:

1. The project proposal of the investment company which set up the joint venture, and the feasibility study report, contract and articles of association documents signed by all parties concerned;

The project proposal signed by the foreign investor who intends to set up a solely-funded investment company, application form used by foreign-funded enterprises, feasibility study report, and articles of association document;

2. Evidence of the parties concerned having good credit records, registration document (photocopy), and corporate representative document (photocopy);

3. Approval certificate for the enterprise in which the foreign partner has already invested (photocopy), and the capital audit report issued by a registered Chinese accountant (photocopy);

4. The statements of assets and liabilities of all investing parties for the last three years;

5. Any other documents demanded by MOFTEC.

Apart from where photocopies are specified, all other documents shall be originals.

Where documents are not signed by authorized representatives, letters delegating the authority shall be attached.

Where a legally established intermediary organization has been appointed to carry out the application procedures, a letter of authorization signed by the investor's authorized representative shall be produced.

Article 4 The foreign investor must contribute to the investment company's registered capital in a freely convertible currency while the Chinese investor may contribute in renminbi. The capital shall be fully paid up within two years after the business license has been issued.

Article 5 After approval the investment company may operate part or all of the following businesses:

1. Investing in areas of industry, agriculture, infrastructural facilities and energy encouraged and permitted by the state;

2. On receiving written request from the enterprise (with the unanimous approval of its board of directors) in which it invests, the investment company may provide it with the following services:

a. assist the enterprise in which it invests or act as its agent in procuring the machinery, office equipment, raw materials, component and spare parts which the enterprise requires for its own use, as well as sell the products of the enterprise at home and abroad, and provide after-sale service;

b. with the approval and supervision of the foreign exchange control department, balance the foreign exchange needs of the enterprise in which it invests;

c. assist the enterprise in which it invests in recruiting staff and provide them with training, marketing and consultancy services;

d. assist the enterprise in which it invests to obtain loans and provide guarantee.

3. Providing consultancy service for its investors.

Article 6 The enterprise in which the investment company invests in mentioned in clause 2, article 5 refers to:

1. An enterprise in which the investment company directly invests or jointly invests with a foreign investor and/or a Chinese investor, and where the capital contribution of the investment company or its joint capital contribution with other foreign investors amount to 25 percent or more of the registered capital of the enterprise;

2. The investment company has purchased part of all of the shares of the enterprise already set up in China by its investors or its associated companies and other foreign investors, resulting in the capital contribution of the investment company and other foreign investors amounting to 25 percent or more of the registered capital of the established enterprise.

Unless special permission has been obtained from MOFTEC, the investment company may only provide the services stated in clause 2, article 5 to the enterprise set up by it.

The investment company may not carry out trade intermediary services in China on behalf of its investors.

Article 7 On obtaining the approval of the People's Bank of China, the investment company may provide financial support to the enterprise funded and established by it.

Article 8 The term of operation of the approved investment company shall be established in accordance with the nature of the project to be set up by the company and the regulations of the state governing the term of operation of foreign-funded enterprises.

Article 9 In investing to set up an enterprise, the investment company shall apply for approval separately in accordance with the examination and approval jurisdiction and procedures governing foreign-funded enterprises.

Article 10 Where the investment company's capital contribution in foreign currency or its joint capital contribution in foreign currency with other foreign investors is not less than 25 percent of the registered capital of the enterprise funded and established by it, the enterprise shall enjoy the same treatment as a foreign-funded enterprise, and shall be issued with an approval certificate and a business license for foreign-funded enterprise.

Article 11 A foreign investor meeting the conditions stated in item a, clause 1, article 1 of these regulations may fund and set up an investment company in the form of a subsidiary company wholly owned by him.

Article 12 An investor applying to set up an investment company must produce a letter of guarantee to the authority responsible for examining his application to guarantee the registered capital of his company's investment in China and the transfer of technology.

Where the investment company is set up in the form of a wholly-owned subsidiary company, its parent company must produce a letter of guarantee to the authority examining the application, pledging its subsidiary company shall contribute to the registered capital in accordance with the conditions approved by the examining authority, and guaranteeing the registered capital of the company's investment in China and the transfer of technology.

Article 13 The investment activities of the investment company in China shall not be restricted by its place of incorporation.

Article 14 The taxation of the investment company shall be handled in accordance with relevant Chinese laws and regulations.

Article 15 The investment company shall implement its project investment plans conscientiously and report its annual investment situation to MOFTEC in the first three months of the following year.

Article 16 The investment company and the enterprise funded and set up by it are separate corporate bodies or entities; their business contacts shall be handled in the same way as the business contacts between independent enterprises.

Article 17 The investment company and the enterprise funded and set up by it shall comply with Chinese laws and regulations and shall not adopt any means to avoid control and payment of taxes.

Article 18 Investors from Taiwan, Hong Kong and Macao investing on the mainland to set up investment companies shall be allowed to apply these regulations.

Article 19 These regulations shall be interpreted by MOFTEC.

Article 20 These regulations shall be implemented from the date of promulgation. [Dated] 4 April 1995

Regulations on Foreign-Funded Chemical Companies

HK0606034095 Hong Kong CHING CHI TAO PAO in Chinese 17 Apr 95 No 15, p 14

[From "Chinese Economic News" column: "Ministry of Chemical Industry Formulates Relevant Regulations on Setting Up Foreign-Invested Chemical Enterprises"]

[FBIS Translated Text] The Ministry of Chemical Industry recently formulated "Some Views on Setting Up Foreign-Invested Chemical Enterprises (for Trial Implementation)."

It is pointed out in the "Views" that using overseas capital and technology to set up foreign-funded chemical enterprises is an important measure for realizing the development strategy for China's chemical industry. The "Views" encourages foreign businesses to invest in such industries as chemical mines [hua xue kuang shan 0553 1331 4349 1472], chemical fertilizer, insecticide, organic industrial chemicals, inorganic industrial chemicals (inorganic salt), synthetic material, fine chemicals, rubber-plastic processing, and chemical equipment. Necessary rewards will be given to foreign businesses which cooperate with chemical enterprises or scientific research units in studying and developing technological innovations which help raise the current technological level of China's chemical industry, fill gaps in products, or are urgently needed in China and are up to an advanced level in China or in the world; their intellectual property rights will be protected in accordance with the law. State-owned large and medium-sized enterprises which form joint ventures or cooperate with foreign businesses in new high-technology fields will be granted preferential policies in terms of project examination and approval as well as funds. Restrictions will be placed on the setting up of joint ventures or cooperation with foreign businesses that turn out products incompatible with the state industrial policy, especially those that are technologically backward, consume a lot of energy, and cause serious pollution. When foreign businesses form joint ventures or cooperate in such industries as insecticides, pigments, dyestuffs, and chromic salts, the disposal of waste gas, water, and industrial residue must meet China's environmental protection standards. The formation of joint ventures for the production of special auxiliary chemical products for military industry, as well as chemical weapons, including those industrial chemicals and other chemical products used as key precursors of chemical weapons, is prohibited. In examining and approving the setting up of foreign-funded chemical enterprises, it is necessary to guard against the loss of state assets and rationally appraise the value of such intangible assets as enterprise reputation, trademarks, patents,

and technological knack. The value of material objects provided by foreign businesses for joint ventures should be appraised by the commodity inspection and testing departments.

Supplementary Rules for Foreign Trade Law Drafted

HK0506143995 Beijing ZHONGGUO XINWEN SHE in English 0630 GMT 3 Jun 95

[FBIS Transcribed Text] Beijing, June 3 (CNS) — The department concerned under the Ministry of Foreign Trade and Economic Cooperation is busy studying the draft of supplementary regulations for Foreign Trade Law, as well as other relevant regulations according to the legislative planning set for a period between 1994 and 1996. Such practices are aimed at establishing a sound legal system for foreign economic activities and trade, as soon as possible.

The ministry will draft some ten supplementary regulations for the foreign trade law during this year. Regulations now under the draft process include anti-dumping regulations; anti-subsidy regulations; regulations for protective measures; regulations on punishing export practices at a low price; regulations on attending overseas hearings on anti-dumping cases; and export control regulations. Regulations on import of technology are now under deliberation for the process of formal legislation. The draft process has been completed for regulations on detailed rules for enforcement of Sino-foreign cooperation laws and on settlement of foreign-funded enterprises, both of which are aimed at improving foreign-funded enterprises and have been submitted to the State Council for deliberation.

The treaty and law department of the ministry has cleared a number of administrative regulations, rules and documents on specific norms which were promulgated in the past, in order to ensure unity of the legal system for foreign trade law. Articles going against or not conforming to the foreign trade law will be revised by means of the legislative procedure.

Shanghai Leads in Number of Registered Trademarks

OW0606053795 Beijing XINHUA in English 0142 GMT 6 Jun 95

[FBIS Transcribed Text] Shanghai, June 6 (XINHUA) — This, China's leading commercial center, had a total of 3,411 of its trademarks registered overseas by the end of 1994, ranking first in the country, the latest statistics show.

The "Hero" pen, a well-established popular brand in China, has an impressive 134 trademark registration

certificates in foreign countries, thus coming under special protection of the "Paris Convention for the Protection of Industrial Property".

The Shanghai famous brand items entering the international market include bed sheets, umbrellas, door locks, pens, batteries, kitchenware and textiles.

"Trademarks have become an important edge for market competition and rights protection", a municipal official said.

For example, trademark registration has made "Yinhe" (Milky Way) cotton polyester a popular product in over 40 countries.

In 1985 exports of this product earned 130 million US dollars. In recent years, though the textile market has been sluggish, it has still generated an average of between 60 million and 70 million US dollars a year, accounting for over a quarter of the export earnings of the Shanghai Textile Import and Export Corporation.

The "Hudie" (butterfly) sewing machine used its legal rights to recover its registration in 1993 from an overseas intruder.

Ministry on Need To Import Steel Products

HK0606034295 Hong Kong CHING CHI TAO PAO
in Chinese 17 Apr 95 No 15, p 15

[From the "Chinese Economic News" column: "Some Steel Products Still Should Be Imported"]

[FBIS Translated Text] It has been learned from the Ministry of Metallurgical Industry that most of the medium-thick and thin steel plates China needs this year will still have to be imported. To date, the production capacity of China's medium-thick plate rolling mills is over 11 million tons but the variety pattern still needs to be improved. Most of the steel plates for shipbuilding, high-pressure boilers, and bridges, as well as ordinary steel plates less than 10 mm thick, still have to be imported. China annually consumes about 1.6 million tons of shipbuilding plates but only 300,000-500,000 tons are produced domestically; it annually needs about 100,000 tons of high-pressure boiler plates (150 mm or more) but only 25,000 tons are produced domestically. The shortfalls are principally made up with imports. China normally needs about 70,000 tons of steel plates for bridges a year but the demand has increased this year to 100,000 tons. The annual demand for tin plates for packaging in light industry, chemical industry, and petrochemical industry is 600,000 tons this year, but only 150,000-200,000 tons are produced domestically. The annual demand for galvanized sheets used in the automobile industry and construction industry is 800,000-900,000

tons, but only 650,000 tons are produced domestically. The annual import volume of cold-rolled plates used in the automobile and household electrical appliances industries is 2.3-2.5 million tons.

Power Firm Issues Record Number of B Shares

OW0606092095 Beijing XINHUA in English
0740 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — A power firm in south China's Guangdong Province has floated a record number of B shares (reserved for overseas investors), according to the journal "CHINA SECURITIES".

The Guangdong Electric Power Development Company Ltd. has issued 218.25 million B shares, the largest amount any Chinese enterprise has ever offered, of which some 108.25 million were converted from legal person shares, owned by enterprises or other institutions.

"It is the first time that China has issued such shares at the same time and at the same price as other new B shares, setting a precedent for legally trading in listed firms' legal person shares," the journal said.

The shares were sold for 4.29 Hong Kong dollars per share, raising nearly 900 million Hong Kong dollars, according to an official with the J&A Securities Company, the underwriter.

With Nomura Securities Company Ltd., a giant Japanese broker, as international coordinator, J&A promoted the Guangdong firm's shares in 10 cities in five countries and regions, including Hong Kong, Singapore, Britain, Japan and the United States, with a subscription three times that of the issued shares.

Nation Among World's Largest Toy Suppliers

OW0606060595 Beijing XINHUA in English
0515 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — China has become one of the world's largest toy suppliers, according to the latest issue of Consumer Times.

According to the paper, 80 percent of the toys in the Australian market come from China, which also has one-third of the toy market in the United States, 30 percent in Britain, and 60 percent in Italy.

At present, toy producers in the United States, Europe, and Japan are shifting labor-intensive workshops to developing countries. The paper reports that about 60 percent of the 3,000 toy factories based in Hong Kong have been moved to the interior parts of China, and China has become attractive to overseas toy manufacturers.

China now has 3,000 toy factories, with 1.3 million employees, and an export volume worth 2.6 billion US dollars.

The country has 320 million children, and this means a huge domestic market, and toy sales at home are expected to hit 11.4 billion yuan (1.3 billion US dollars) in 1995, and to reach 24.7 billion yuan (about three billion US dollars) by the year 2000.

Rockwell Company Starts To Assemble Axles

OW0506121795 Beijing XINHUA in English
1149 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (XINHUA) — Rockwell Automotive Heavy Vehicles Systems of the United States started the production of its first axles in China under a license and technical transfer agreement with the China National Automotive Import and Export Corporation.

The axles are being assembled at the Jinan Axle Works in Jinan, capital of east China's Shandong Province.

Moreover, a plan is now under discussion to establish a Sino-Rockwell joint venture to manufacture automobile components, which are covered by the license and technical agreement signed two years ago.

Rockwell's axles will be used in a renovated model of the Huanghe heavy-duty trucks, which boasts a load capacity of ten tons and has been widely used in the country for decades.

Entering the Chinese marketplace in the mid-1970s, the company so far has extended its business to aviation electronics, automobiles, printing machines and automation, and set up solely and jointly funded enterprises in Shanghai, Xiamen and Zhenjiang cities.

"China has one of the fastest growing economies in the world, and Rockwell recognizes the need for working with the right partner," said Richard Quaid, president of Rockwell's Specialty Products business. "The Chinese government is committed to a major expansion of its industry and transportation infrastructure, and Rockwell needs to be there."

He disclosed that the company will further increase its investment in China in the near future.

Sino-Foreign Fisheries Joint Venture Expands

OW0606053395 Beijing XINHUA in English
0226 GMT 6 Jun 95

[FBIS Transcribed Text] Zhoushan, June 6 (XINHUA) — The biggest Sino-foreign joint venture in fisheries is racing to keep up with the ever-growing market demand abroad.

The Zhoushan Industrial Company Ltd, based in the island city of Zhoushan in the East China Sea off Zhejiang Province, was formed in December last year between the Zhoushan No. 2 Ocean Fisheries Company and the Japanese Maruha Corporation.

Lin Jiliang, deputy general manager of the joint venture, said that during the first quarter of this year it exported 15 million US-dollars-worth of aquatic products to Japan, accounting for nearly half of the company's total exports last year.

He said that 80 percent of the joint venture's catch and processed products such as shredded squid, fish meat sausages and fish slices are exported to Japan.

However, recently businessmen from the United States, Spain, New Zealand and Hong Kong have also come to explore opportunities of buying the company's products, he said.

"Production can now hardly meet the demand," he said.

Zhoushan Industrial Company has a registered capital of 90 million yuan RMB, with Maruha holding a 70-percent stake. Although the Japanese side has five members on the seven-person board of directors, it has only one in the 11-member management team.

"This shows that Maruha has complete confidence in our management, and this results from reliable trade relations spanning 16 years," he said.

Lin estimated that the company, with more than 3,000 workers, will be able to export 50 million US dollars-worth of products this year.

The deputy general manager recalled that when the Zhoushan No. 2 Ocean Fisheries Company was founded in December 1978, it bought from Maruha 11.77 million US dollars-worth of fishing vessels in the form of compensation trade.

In August 1985 the state-owned enterprise made a big stride further when it, with help from the Bank of China, founded with Maruha China's first Sino-foreign joint venture in fisheries, the Zhouyang Fisheries Company Ltd. The company now owns 16 vessels, a 500-mu (about 33 ha) prawn farm and a fishing net factory, he said.

Japanese Firms Shifting Investments to Shanghai

OW0606093595 Tokyo KYODO in English
0736 GMT 6 Jun 95

[FBIS Transcribed Text] Shanghai, June 6 KYODO — Japanese companies are shifting their investments from Dalian to Shanghai, the new focus of industrial

development in China, Chinese officials said Tuesday [6 June].

Japanese business investments in Shanghai in the first five months of this year totaled 640 million U.S. dollars, up 40 percent from a year earlier, Shanghai's Foreign Economic Relations and Trade Commission said.

Japan replaced the United States as the second largest investor in the city in the period. Hong Kong was No. 1 with investments of 1.1 billion dollars, the commission said.

Meanwhile, the number of Japanese companies investing in Dalian has decreased, the officials said without giving exact figures.

Japanese executives say companies investing in Shanghai seek to explore the huge consumer market in the Chang Jiang Delta, with the population of 200 million.

Officials of Dalian's Foreign Economic Relations and Trade Commission said Shanghai has exceeded Dalian in attracting Japanese investments thanks to official support from the Beijing Government.

East Region**Shanghai Paper Urges International Law Study**

OW0506165295 Shanghai WEN HUI BAO in Chinese
28 May 95 p 1

["Biweekly article" by Cao Jianming (2580 1696 2494):
"A Sense of Urgency Is Needed To Heighten the
Awareness of International Law"]

[FBIS Translated Text] In recent years, trade disputes and conflicts have constantly arisen between China and some countries. Take antidumping cases for example. Since the EC imposed antidumping measures on Chinese exports for the first time in 1979, the number of cases in which foreign countries slapped antidumping measures on Chinese exports has surpassed 180, covering more than 140 types of goods. And these cases do not include Mexico's 1993 antidumping investigation into more than 4,000 types of Chinese products. A matter that merits attention is: Because of its lack of understanding of international law and international economic law, the Chinese side either often failed to appear in court or presented weak arguments in the host of antidumping lawsuits filed against China by foreign countries. As a result, the margin of dumping of Chinese exports was ruled to be much higher than the actual margin. The margin for most products was over 300 percent, the highest being 1,105 percent. This is illogical. China and its enterprises incurred heavy losses as a result, producing the wrong impression that China is weak and can be easily cowed in international trade. China's disputes with other countries in exports and imports, foreign investment, intellectual property rights [IPR] protection, and product liability have also increased. In 1994, the number of foreign-related cases heard by the China International Trade Arbitration Committee reached a record 829.

Social development in contemporary China has made it extremely important to heighten the awareness of international law. During China's process of opening up to the outside world, we cannot possibly understand general norms governing international economic activity, standardize our actions in accordance with international law and practice, and truly and effectively safeguard our legitimate rights and interests if we do not understand something about international law, including the part governing international economics.

China's implementation of the policy of opening up to the outside world requires that we heighten our awareness of international law. China's implementation of the policy of opening up to the outside world is an inevitable development of history. In 1994, China had trade contacts with 221 countries and regions. In the same year, its exports and imports totaled \$236.7

billion, or approximately 45 percent of its gross national product, making it the 11th largest trade power in the world. It can be said that China's degree of openness has reached the high degree of openness of developed nations. In 1995, China should ensure that its exports and imports total \$240 billion, a task that is very daunting. China can no longer seclude itself from other countries. In dealing with other countries, it must observe certain principles or rules. International law and international economic law are legal bases on which countries define their economic rights and obligations in their economic contacts with other countries. Given the growing interdependence between China's economy and the international economy, and complex changes on the international economic scene, we will find it difficult to proceed if we do not have a good knowledge of international law and international economic law. In recent years in particular, some noticeable changes and new traits have emerged in the enactment of international economic and trade laws. Strengthening research in this respect will make an opening China more oriented to the world and the future.

An important trait of the current evolution of international investment law is the further opening of markets to other countries and the extension of national treatment. Given the new situation in which China continues to attract more foreign capital and constantly expands the scope of foreign investment, we must pay close attention to this issue: How to better mesh China's foreign investment laws and policies with international investment norms under socialist market economic conditions and on the premise that reform will be carried out further and the country will open up wider. More and more countries and regions think that some investment measures have distorting and restrictive effects because they can alter the normal flow of international trade and investment under certain conditions. These investment measures generally include discrimination against imports, import substitution, domestic purchases, the export-import balance, export restrictions, and foreign exchange control. In December 1993, the Uruguay Round specifically adopted the "Agreement on Trade-Related Investment Measures," urging all signatories to revoke the aforesaid restrictive investment measures within specified periods. At the same time, it also called for applying the same local tax rates and rules to foreign investments as those applied to similar domestic investments — that is, national treatment. These provisions have had or are having a major effect on China's enactment of foreign investment laws. China is now extending national treatment to more foreign-funded enterprises, and this is conducive to establishing a system for equal and fair competition among foreign-

funded enterprises, foreign enterprises, and domestic enterprises.

The IPR issue has attracted growing attention from the international community. Frictions and disputes between various countries in this respect are also on the rise. This is because science and technology have become a crucial factor amid escalating international economic and trade competition, and IPR protection has become one of the most important means of competition. Accordingly, the relationship between IPR protection and trade has become increasingly close around the world, and inadequate IPR protection has distorted and obstructed normal international trade. The "Agreement on Trade-Related Aspects of Intellectual Property Rights" adopted by the Uruguay Round highlights the issue of trade involving counterfeit goods. Specifically, it prescribes customs and border measures under which the customs authorities of the countries concerned may seize or destroy products that infringe on IPR. It should be noted that China's IPR protection system has attained a fairly high standard; however, some aspects of law enforcement appear to be less than forceful. In recent years, the United States has often used its so-called "Special 301 Provision" to list China as a priority country that has serious disputes with it, and has readily threatened trade retaliation. From a certain point of view, this shows that international IPR protection has become a sensitive issue in international economic contacts. Since we have acceded to the "World Copyright Convention" and other international conventions on IPR protection, the effort to heighten the awareness of law about IPR protection in all segments of society, to further strengthen the law-enforcement mechanism for fighting counterfeiting, to step up the inspection and seizure of exports and imports that infringe on IPR, and to crack down harder on IPR infringements has become a major issue that cannot be neglected in the course of opening China to the outside world.

It is especially important to heighten the awareness of international law at the critical moment of China's readmission to GATT and accession to the World Trade Organization. Since China has chronically implemented the policy of a strictly planned economy, many of its economic and trade policies and systems are incompatible with international practices or customs. To expedite China's process of enacting economic laws, and to establish a socialist market economic legal system at the earliest possible date, it is very important that during the course of opening up to the outside world and carrying out reform, we are not only good at summing up and correctly applying our experience in building the legal system, but are also good at proceeding from the perspective of international law, and at learning from

and drawing on the basic principles and rules of international economic law and international practice in an even bolder manner so as to bring China's laws, regulations, policies, and general economic and trade practices closer to universally acknowledged international conventions and practices as quickly as possible.

For example, all countries observe this important legal principle in international economic contacts: the principle of transparency. This requires countries to proclaim all their widely applicable economic and trade policies, laws, regulations, and practices so that the governments and business people of other countries will understand them. Although China's economic and trade laws, regulations, and policies have become more transparent in recent years, many government departments are still accustomed to setting economic and trade policies and practices in the form of internal guiding documents. This is unfavorable to international economic contact and cooperation. A China that is opening up to the outside world should pay greater attention to establishing an economic and trade legal mechanism and system that is compatible with international law and practice. All departments should review foreign-related statutes and internal rules to increase their transparency.

To heighten the awareness of international law, we should also pay close attention to training large numbers of international law professionals. As China opens wider to the outside world, it experiences an increasing number of foreign-related economic disputes. It is for lack of personnel well-versed in international law that China has taken a beating in some cases. For some time to come, we should give prominence to studying, propagating, and conducting education on international law, especially international economic law. In this way, China, in the process of opening up to the outside world, will truly manage to conscientiously enforce domestic laws while respecting its international obligations and acting in accordance with universally acknowledged international law and practice; it will bring the domestic market in line with the international market, and further promote and safeguard its policy of opening up to the outside world.

Shanghai To Reorganize Business Sector

OW0506170495 Beijing XINHUA in English
0731 GMT 5 Jun 95

[FBIS Transcribed Text] Beijing, June 5 (XINHUA/OANA) — Shanghai, the country's largest industrial center, will launch an all-out readjustment program for its production and sales structure, hoping to ensure an industrial growth of 12 percent, as well as a sales rate of 97 percent for products, this year.

Moreover, the margin of increase for exports will be 40 percentage points, according to the city's plan.

Statistics show that the city's machinery and electronics sector maintained a steady development trend in the first four months of this year, while realizing an output value of 5.94 billion yuan, up 10.5 percent over the same period of last year.

And the sales volume for the January-April period stood at 5.74 billion yuan, up 6.8 percent from the same period of 1994.

The Municipal Machinery and Electronics Industry Bureau has mapped out a sales-promotion program under which the ratio of salesmen in the sector will be raised to five percent from the current three percent by the end of this year.

Meanwhile, some 200 agencies across the country will be added to the city's sales network for machinery and electronic products.

This all-out sales promotion drive aims to further stimulate the production of the sector, especially that of loss-making enterprises which suffered a decline of nearly one fifth in the profit and tax turnover of the sector in the first four months of this year, according to the "China Machinery and Electronics Daily".

The number of enterprise running in the red and their losses are expected to be cut by 50 percent this year compared with the figures for 1994, the paper added.

Furthermore, the sector will readjust its production structure, by shifting its focus to the manufacturing of machine tools, elevators and other high-value-added products.

According to the bureau's blueprint, the city's elevator sales will reach 4.2 billion yuan-worth, 21 percent higher than the 1994 figure, and will even surpass a sales volume of 10 billion yuan-worth by the year 2000.

Overseas funds will play an important role in the ambitious take-off program, and the bureau will contract five to 10 foreign-invested projects by the end of this year, involving some 300 million US dollars.

Shanghai Shipyard To Enlarge Capabilities

OW0606055595 *Beijing XINHUA in English*
0128 GMT 6 Jun 95

[FBIS Transcribed Text] Shanghai, June 6 (XINHUA) — The Jiangnan Shipyard in Shanghai, the oldest modern shipyard in China, is aiming to build itself into one of the world's ten leading shipyards.

The shipyard will become one of the world's 10 major shipbuilders able to produce six oil tankers when a new

shipbuilding base is ready to go into operation, Chen Jinhai, director of the shipyard, has said.

The shipyard, which was set up 130 years ago, is now capable of designing, building, repairing and refitting ships below 80,000 dwt, and has been making preparations for constructing the new shipbuilding base in Waigaoqiao in the Pudong New Area, according to the director.

Over the past few years, the shipyard has manufactured 31 ships totalling 1.222 million dwt [deadweight tons] for clients from a dozen countries and regions, and the ships it built are all up to the internationally advanced level.

Ships built for export now make up two-thirds of Jiangnan's total it has built, said Chen.

The shipyard has been making great efforts to develop high and new technological products. So far, it has signed contracts for building 10 ships for overseas businessmen, totalling more than 600,000 dwt, and the order books are full till 1997.

In 1994 the shipyard built ships totalling 310,000 dwt, accounting for one-fifth of the total the China National Shipbuilding Industrial Corporation built.

Zhejiang Sees 'Surge' in Drug Trade

HK0606085495 *Beijing China Daily in English*
5 Jun 95 p 3

[Article by Zhou Weirong: "Hangzhou Sees 1st Heroin Fatality"]

[FBIS Transcribed Text] Hangzhou — A young man recently found dead of a heroin overdose at his home here has the dubious distinction of being the first reported narcotics fatality in East China's Zhejiang Province, the Hangzhou Public Security Bureau (PSB) said yesterday.

Pan Zhijian, 31, had no job and was alleged to have used drugs for at least seven years, said an unnamed PSB official, who did not say the types of drugs Pan was believed to have used or the extent to which he used them.

The day before his death, Pan was released from a drug rehabilitation centre, authorities said.

But within 24 hours he reportedly bought heroin from two dealers and injected his last fix.

Though there has only been one reported drug overdose in recent times in Hangzhou, Pan's death may be indicative of a mounting problem, PSB officials believe.

Drug-related crime has become a serious social concern in Hangzhou and other regions of Zhejiang Province, said the PSB official.

In the past few years, Zhejiang has seen a surge in the drug trade, which has spread to 69 of the province's 70 counties, the official said.

There were three times more drug addicts reported last year in Hangzhou than were reported in 1993, and the number of narcotics confiscated by the municipal public security bureau last year increased almost 40 times over the previous year, said the PSB official, who refused to give the number of drug dealers arrested and the amount and types of drugs confiscated.

Most of the narcotics are from Yunnan and Guangdong provinces, which border Southeast Asia, home of the infamous "Golden Triangle" of heroin-producing countries, said the official.

Several drug rehabilitation centres, both voluntary and mandatory, have been set up in the province's coastal areas.

And public security offices at all levels are taking strong measures to fight drug smuggling and dealing.

The two men who sold heroin to Pan have been arrested and face punishment, the official said.

Zhejiang Store Attempts New Sales Method

OW0606060695 Beijing XINHUA in English
0542 GMT 6 Jun 95

[FBIS Transcribed Text] Hangzhou, June 6 (XINHUA) — Customers in this scenic city in east China, are now allowed to take commodities home without immediate payment, sources said.

A Mr Liu, aged 27, told XINHUA that he bought, together with his wife-to-be, a color TV and an air-conditioner at the Hangzhou Liangjiang Store the week before, and came here today to pay.

"If we were not satisfied with what we bought, we could return it to the store," he said with gratitude.

Starting May 1 this year, the store has adopted the new sales method, officials at the store said.

Customers can simply leave their addresses when they go to buy household electrical appliances such as air-conditioners, refrigerators, stereo equipment, color TVs and washing machines.

The store will then help carry the items to the customer's home and get technicians to install them. Customers are permitted to use them free for a week, and only pay for them if satisfied.

The officials revealed that the store recorded a tenfold rise in sales volume last month by selling more than 400 air-conditioners and over 200 refrigerators, color TVs and washing machines.

Surprisingly, the store made the extra sales without any special advertising.

Zhang Jinbao, general manager of the store, said that his store has been highly successful in improving management, raising service standards and widening sales channels.

"For a store facing fierce competition, its existence and expansion depends on the convenience and satisfaction it can give to its customers," Zhang said.

Zhejiang Congress Checks Government Operations

OW0606060795 Beijing XINHUA in English
0553 GMT 6 Jun 95

[FBIS Transcribed Text] Hangzhou, June 6 (XINHUA) — East China's Zhejiang Province has been successful in leading the country to develop a market mechanism, but provincial industrial and commercial department officials have never felt like relaxing.

This is because they are under constant scrutiny by the local people's congress and the people's deputies. "As public servants, we should accept the supervision by the people's congresses to constantly improve our work," said Jin Lianqing, former head of the provincial industrial and commercial department.

The people's congresses are a major component of China's power structure, representing the state, and with the power to approve state officials, make laws, and supervise law enforcement bodies.

It is a rule that the people's congress standing committees can organize members and people's deputies at various levels to assess the work of officials, and the work of law-enforcement bodies to ensure that they are efficient and clean.

The assessment work has been carried out in 80 percent of the cities, counties, and districts in the province and had a large number of responses from people in all walks of life, said Li Zemin, head of the provincial people's congress standing committee.

The people's congresses conduct investigations into the work of officials and government bodies, review work reports, and propose improvements.

Officials and government bodies will also be checked on efforts to implement the adopted proposals, with the results of evaluations being used for advancements or dismissals.

Li Zemin says that the work has reinforced the sense of law in the minds of government officials, prompting them to understand their status as public servants and encouraging them to be creative in their work.

Some people engaged in illegal activities that were uncovered during the work evaluation process by the people's congresses have been punished. Three corrupt officials discovered in Xiangshan county were arrested and sentenced to five years in prison.

Wan Xueyuan, governor of Zhejiang, asked that all government bodies and officials in the province "handle the criticism, suggestions and opinions from the people's congresses timely," and concentrate their efforts on improving government work.

The provincial people's congress standing committee said that the assessment work will be extended to cover all the officials appointed and all the government bodies in the province.

Central-South Region

Reportage on Regional Economic Meeting

Meeting Opens

HK0606035095 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 9 May 95

[FBIS Translated Excerpt] The 11th Economic Coordination Meeting attended by five provinces and regions and seven parties ceremoniously opened in an auditorium of Nanning Xiyuan Hotel on the morning of 9 May. According to a consensus reached by various participants, the guiding thought of the meeting is: Taking as a guideline Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the spirit of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, it is necessary to further strengthen regional economic cooperation. According to the requirement of establishing a socialist market economic system, it is necessary to seize on the fine opportunity to promote opening up through joint operations, and expand development through opening up. Through joint operations, it is necessary to further implement the outline of the regional program for southwest China and for certain provinces and regions in south China to speed up the projects related to southwest China's access to the sea, expand the opening up of coastal, border, and littoral areas, and open up markets in Southeast and South Asia to push coordinated and joint operations to a new height.

Those who attended the meeting included heads and deputy heads of delegations from Sichuan, Yunnan, Guizhou, Guangxi, and Tibet, as well as Chongqing and

Chengdu. They were Xie Shijie, Gan Yuping, Zhang Yujun, Pu Chaozhu, He Zhiqiang, Li Jiating, Wang Siqi, Wang Guangxian, Yao Jiyuan, Cheng Kejie, Yuan Zhengzhong, Liu Hong, Liang Guangqin, (Duoji Doje Pamo), Doje Cering, (Bai Tao), Liu Zhizhong, (Yin Lie), Zhang Chengli, (Huang Minkui), (Ge Shouhua), and others. A total of 247 delegates attended the meeting.

Those who attended the meeting to provide guidance also included Yang Rudai, vice chairman of the Chinese People's Political Consultative Conference National Committee, Chen Yaobang, vice minister of the State Planning Commission, Yu Xiaosong, vice minister of the State Economic and Trade Commission, Zha Keming, vice minister of the Ministry of Power Industry, Liu Pingyuan, vice minister of the Ministry of Posts and Telecommunications, Hua Maokun, chief engineer of the Ministry of Railways, (Ji Rongchu), chief accountant of the State Development Bank, Zhao Yundong, deputy director of the Special Economic Zones Office under the State Council, Deng Hongxun, deputy director general of the Development Research Center under the State Council, Zhang Han, former deputy director general of the Development Research Center under the State Council, and Wang Luolin, vice president of the Chinese Academy of Social Sciences [as heard]. Other attendees also included representatives from the Ministry of Foreign Trade and Economic Cooperation, Central Policy Research Center, Guangdong Province, Hunan Province, as well as experts and scholars from relevant departments.

The meeting was presided over by Chairman Zhao Fulin, who is also secretary of the Guangxi Zhuang Autonomous Regional CPC Committee. In his opening speech, he said: This year is the 11th anniversary of the founding of the Forum of Economic Coordination of Five Provinces and Regions and Seven Parties in Southwest China. Over the past 11 years, in accordance with the principles of developing strong points and avoiding weakness, diversification, mutual benefit, and common development, all members of the forum have been pursuing the guideline of self-reliance, cooperation in all fields, striving for the support of the state, and promoting common invigoration to carry out many-channeled cooperation and coordination at all levels. In particular, such coordination has manifested its regional characteristics, and has been specified. [passage omitted]

Zhao Fulin continued: With the extensive and profound development of economic coordination in various quarters, it can be expected that reform and opening up in all fields in our region, and the pace of economic development, will be accelerated. The theme of the present

meeting is: On the basis of summing up the 11-year experience of the establishment of the Forum, it is necessary to conscientiously implement the decision of the 10th meeting on joint enforcement of the regional program for southwest region and some provinces and regions in south China, study and solve new problems and situation occurring in the course of implementing the program, and speed up comprehensive projects regarding access to the sea and exit to further expand opening up to the outside world.

According to this theme, the meeting has arranged the following five special topics:

1. implementing the decision on jointly speeding up communications and telecommunications infrastructure projects in the southwestern region;
2. jointly opening up markets in Southeast Asia and South Asia;
3. further implementing the decision on jointly accelerating the establishment and expansion of a regional market system;
4. further implementing the decision on jointly establishing and developing tourism networks;
5. strengthening scientific and technical coordination and cooperation [passage omitted].

At the opening session, Xie Shijie, chairman of the 10th meeting of the Forum, secretary of Sichuan Provincial CPC Committee and head of the Sichuan delegation, briefed attendees on the basic situation on how the whole Sichuan province had actively participated in, done practical jobs, adopted a pragmatic attitude, and attached importance to practical results to implement the spirit of the 10th meeting.

On behalf of Sichuan Province and the chairman of the 10th meeting of the Forum, Gan Yuping, deputy head of the Sichuan Delegation and Sichuan vice governor [as heard], briefed attendees on the work of the Forum over the past year and marked achievements scored in regional economic cooperation.

According to statistics, over the past year the five provinces and regions and seven parties have carried out 569 coordinated projects involving 2.977 billion yuan. The value of their commodity exchange in trade and commerce reached 2.079 billion yuan. All this has promoted economic construction and the development of the social undertaking in society.

Chen Yaobang, vice minister of the State Planning Commission, Yu Xiaosong, vice minister of the State Economic and Trade Commission, and Zha Keming, vice minister of the Ministry of Power Industry, spoke suc-

cessively on how to further promote economic coordination among five provinces and regions and seven parties in southwest China. They also wished the present meeting a success.

Leaders Speak at Closing

OW0606060995 Lhasa XIZANG RIBAO in Chinese
13 May 95 p 1

[By reporter Wang Xubin (3769 4872 1755)]

[FBIS Translated Text] The 11th meeting of the coordinating committee on construction of seven economic sectors in five southwestern provinces and autonomous regions ended in Nanning, Guangxi, on the afternoon of 11 May. Yang Rudai, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, and some leading cadres from central departments gave speeches at the meeting. Zhao Fulin, chairman of the meeting and secretary of the Guangxi Zhuang Autonomous Regional CPC Committee, gave a closing speech.

During the meeting, after extensive discussions and several revisions, participants adopted the "Opinions on Further Enhancing Cooperation and Coordination in Science and Technology," the "Opinions on Further Jointly Quickening the Pace of Constructing Transportation and Communications Infrastructures," the "Proposal on Further Carrying Out the 'Joint Opinions on Speeding Up the Cultivation and Construction of a Regional Market System'," and the "Opinions on Establishing and Developing Cultural and Scenic Tourist Routes in the Southwestern Region." They also passed and revised the "Some Principles for the Coordinating Committee on Construction of Seven Economic Sectors in Five Southwestern Provinces and Autonomous Regions."

Through study and exchanges with deputies from brother provinces and autonomous regions, Tibetan deputies reached a consensus. They realized that the coordinating committee on constructing seven economic sectors in five southwestern provinces and autonomous regions is a good pattern for regional cooperation. It enables members to unite, make good use of their strong points, complement one another with their strong points, enjoy mutual beneficial relations, and develop together. Comparing Tibet's development in seven economic sectors with four other southwestern provinces and autonomous regions, it has some strong points and weaknesses. At present, Tibet has not yet fully used its strong points. Compared with other inland and coastal areas, it still has a long way to go in economic development.

Tibetan deputies held: Since the CPC Central Committee held the Third Work Conference on Tibet, the CPC

Central Committee and other regions have been caring about and supporting Tibet. The key to carrying out the conference guidelines and further developing Tibet's economy lies with emancipating minds and changing concepts. First, we must improve communication with others and open up wider to the outside world to facilitate Tibet's development and construction. The coordinating committee on construction of seven economic sectors in five southwestern provinces and autonomous regions offers Tibet a good chance to accomplish its goal.

This reporter was informed: The coordinating committee on constructing seven economic sectors in five southwestern provinces and autonomous regions held a forum to discuss cooperation projects in Fangcheng, Guangxi, from 8 to 10 April. A total of 184 cooperation projects with investment worth 1.194 billion yuan were contracted at the forum. Of these, six are in Tibet and the investment amount reached 16.38 million yuan.

Guangdong Governor Inspects Research Institutions

HK0606062695 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 22 May 95

[FBIS Translated Text] Zhu Senlin, provincial party committee deputy secretary and provincial governor, has of late inspected a number of research institutions, higher learning institutions, and new- and hi-tech enterprises in the province.

During his inspection, Zhu Senlin emphatically stated: Only by relying on advanced science and technology will we be able to push the province's economic development onto a new stage and to a new level, thereby bringing about more economic superiorities. To this end, he added, party committees and governments at all levels in the province should strengthen a sense of urgency, truly take science and technology as both primary productive force and principal motive force behind economic and social development, and attach great importance to and successfully manage scientific and technological development.

To explore more effective ways of promoting the province's economic and social development by relying on advanced science and technology, Zhu Senlin, Lu Zhonghe, provincial party committee standing committee member and provincial vice governor, and comrades in charge of the provincial science and technology commission, economic affairs commission, agriculture commission, higher learning institutions work commission, higher education bureau, and other provincial departments concerned inspected on 16-19 May a group of key state and provincial laboratories, research and ex-

ploitation institutions, and new- and hi-tech enterprises, and held candid talks and exchanged views with scientific and technological personnel on the spot.

During his inspection, Zhu Senlin reiterated to scientific research personnel: The CPC Central Committee and State Council have always attached great importance to scientific and technological work, have recently issued the "Decision on Accelerating Scientific and Technological Development," and have decided to call a national scientific and technological work conference to make further arrangements in this connection during the last 10 days of May. The provincial party committee and people's government have also decided to hold in June a provincial scientific and technological work conference to implement the spirit of the aforementioned national conference. All these are bound to promote and improve to a great extent the province's scientific and technological work.

Guangdong Launches New Highway Building Plan

OW0606085795 Beijing XINHUA in English 0744 GMT 6 Jun 95

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Guangdong Province in south China has mapped out an ambitious plan for highway construction during the Ninth Five-Year Plan period (1996-2000).

The province will set up 1,024 km of super-highways, 1,718 km of first-grade highways and 16,790 km of second-grade highways during the period. The capital city of Guangzhou and many other cities will be linked up with expressways.

According to the plan, first-grade highways will be built between cities and counties in the province. And counties and towns will be connected with second- or third-grade highways.

Information released from a highway meeting held in Jiangmen city revealed that by the end of last year highways with a total length of 75,723 km have been opened to traffic in the province.

Hainan Offers New Leisure Programs for Tourists

OW0606091695 Beijing XINHUA in English 0755 GMT 6 Jun 95

[FBIS Transcribed Text] Haikou, June 6 (XINHUA) — Tourists visiting Hainan, a tropical island province and China's largest special economic zone, can amuse themselves by joining a series of newly-designed programs.

With the completion of a number of high-grade and multi-function beach-side resorts, tourists can enjoy sea bathing, motor-boating, wind-surfing, diving and beach

sports in this provincial capital; Sanya, the second-largest city; and other coastal cities.

Another program features the folklore culture of the Li and Miao ethnic groups. Travelers will be offered chances to visit a newly-built traditional "long corridor" and a number of recreational centers with folklore themes.

With abundant hot spring resources, the province also arranges special tours for hot spring lovers who can participate in sports as well as rehabilitation activities.

The province will also continue to make full use of its rich tropical animal and plant resources and its unique geography to cater to tourists. New programs include trekking in tropical rain forests, tours to volcanic craters and caves, and exploring unusual rock formations.

Southwest Region

Guizhou, Shenzhen To Develop Regions Jointly

HK0306053695 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 16 May 95

[FBIS Translated Excerpt] On the morning of 16 May, the inspection group of the Shenzhen Special Economic Zone came to the mountainous areas of this province and held a meeting in Guiyang City with responsible people of the provincial economic commission, the provincial educational commission, the provincial agricultural commission, the provincial economic and trade department, and the provincial official for supporting the poverty-stricken areas of Guizhou. They discussed ways to jointly develop education in the mountainous areas.

To help people of minority nationalities in mountainous areas develop education and local economies, the working committee of city-level enterprises in Shenzhen and Sandu Shui Nationality Autonomous County jointly carried out activities of cooperation between the special economic zone and the mountainous area. Between 10 and 12 May, the 22-member Shenzhen delegation inspected Sandu, visiting 11 townships and inspecting 11 primary and secondary schools. They also called on two villages of the Shui Nationality. [passage omitted]

Vice Governor Zhou Quanyong briefed the Shenzhen delegation on the basic conditions of the province. The relevant provincial institutions briefed the Shenzhen delegation on the province's situation in education, assistance to poor areas, and introduction of overseas capital. Secretary Liu Fangren of the provincial party committee and Governor Chen Shineng met with the entire delegation. Liu Fangren expressed gratitude to the party committee and the government of Shenzhen City and to the entire people of Shenzhen City for their support

and care for the wellbeing of the people in Guizhou's mountainous areas. Liu Fangren said: The Shenzhen delegation went to see the people in the mountainous areas of this province and extended their friendship to the hearts of the masses of minority nationalities there. This was a concrete action of assisting the poor. The activity marked a good beginning. It is hoped that cooperation will be further strengthened in the future.

Guizhou Leaders Meet Minister of Communications

HK0306055295 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 19 May 95

[FBIS Translated Text] Yesterday afternoon, Provincial CPC Secretary Liu Fangren, Provincial Governor Chen Shineng, and Vice Provincial Governor Yao Jiyuan met with Huang Zhendong, minister of the Ministry of Communications, and his party. Both sides exchanged views on the issue of communications construction in Guizhou and the southwestern region.

At the meeting, Huang Zhendong said: In recent years, Guizhou has done a solid job in communications construction. However, complicated geographical conditions and undulating topography have created many difficulties for further development of Guizhou's communications. He held that thanks to joint efforts exerted by the Guizhou Provincial CPC Committee and party and government departments at all levels, Guizhou can fully succeed in its [words indistinct] communications construction plan.

In the discussion, Liu Fangren and Chen Shineng said: Communications are a major hindrance to Guizhou's economic development. Our province is now making great efforts to promote communications construction in Guizhou and the vast southwestern region. We hope that the Ministry of Communications will greatly support us.

Those present at the meeting also included (Zhang Zhiliang), secretary general of the provincial government, and (Yang Shouye), director of the provincial communications department.

Guizhou's Chen Views Institutional Reform

HK0606062595 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 22 May 95

[FBIS Translated Text] A provincial institutional reform conference was convened in Guiyang yesterday morning.

The conference was set to make specific provincial-level institutional reform arrangements and was attended by a number of provincial leaders, such as Liu Fangren, Chen Shineng, Wang Chaowen, Long Zhiyi, Wang Guangxian, Yuan Rongui, Li Wanlu, and Hu Xiansheng.

Wang Siqi, provincial party committee deputy secretary, presided over yesterday's conference at which Wang Shouting, provincial party committee standing committee member and organization department director, relayed central and provincial institutional reform documents.

Provincial Governor Chen Shineng delivered at yesterday's conference a speech in which he stated: Over the past two or more years since the 14th CPC National Congress, we have steadily carried out institutional reform at lower and higher levels, first at the county level and then at the provincial and prefectural levels. By and large, we have made welcome progress in this regard. With regard to county-level institutional reform, we first conducted reform experiments in a number of selected units and then gradually spread those successful experiences to other units. We have already embarked on a prefectural-level, autonomous prefectural-level, and city-level institutional reform. I believe that conditions are now ripe for us to start a provincial-level institutional reform. With regard to provincial-level institutional reform, we should concentrate on functional transformation, make reform conducive to building a socialist market economy, and resolutely separate government functions from enterprise functions.

Governor Chen Shineng pointed out: We should work hard to accomplish the following five major tasks in the provincial-level institutional reform: 1) redefine functions of institutions; 2) reorganize institutions; 3) readjust the size of institutions; 4) vigorously and steadily carry out reform of logistics departments with a view to socializing logistic services; and 5) conscientiously resettle personnel made redundant by provincial-level institutions by providing the resettlement work with necessary policy support and guidance.

Governor Chen Shineng also advanced a timetable for the province's institutional reform, saying: The provincial-level institutional reform should be launched right now and be basically wrapped up by the end of November this year while the institutional reform at prefectural, autonomous prefectural, and city levels should be basically completed before the end of the year.

Provincial party committee Secretary Liu Fangren delivered at yesterday's conference a mobilization speech in which he stated: This year, we will complete the provincial-level, prefectural-level, and county-level institutional reforms, properly reorganize party and government organs at township and town levels, and readjust the size of party and government organs at township and town levels. To successfully accomplish this arduous task, leaders at all levels across the province should

correctly view the province's institutional reform situation, enhance a sense of urgency and a sense of responsibility, fully understand both the importance and necessity of ongoing institutional reform, and heighten consciousness in making a success of the province's institutional reform.

Secretary Liu Fangren pointed out: The province's ongoing institutional reform is set to accomplish the following tasks and attain the following immediate goals: 1) complete functional transformation; 2) smooth out relations; 3) streamline administration; and 4) heighten efficiency. We should make every possible endeavor to make a success of functional transformation, this being a key link. To this end, Liu Fangren stressed, party and government institutions at all levels in the province should unwaveringly adhere to the ideological line of emancipating the mind and seeking truth from facts, strictly and correctly implement policies, strengthen leadership, conduct meticulous organizational work, strictly abide by discipline, and actively and steadily push ahead with the province's institutional reform.

British Reporters Interview Sichuan Governor

HK0306054495 Chengdu Sichuan People's Radio Network in Mandarin 1100 GMT 15 May 95

[FBIS Translated Text] This morning, provincial Governor Xiao Yang was interviewed by a three-man news team from the British Channel 4 Television Network led by Ian Williams, its reporter stationed in Hong Kong.

Governor Xiao Yang answered questions raised by the reporters on Sichuan's reform and opening up, deepening of reform in state-owned enterprises and rural areas, migration related to the three-gorges project, economic development in areas inhabited by minority nationalities, and so on.

The Channel 4 Television Network is a non-governmental, independent news organ in the United Kingdom. It has recently established a reporting station in Hong Kong. The news team led by Ian Williams will start its 10-day news coverage activities in our province today. It will visit some large enterprises, rural areas, the Three Gorges Reservoir areas, and areas inhabited by minority nationalities.

Tibet People's Congress Session Holds 3d Meeting

OW0606111295 Lhasa XIZANG RIBAO in Chinese 21 May 95 p 1

[Article by XIZANG RIBAO reporter Zhang Lei (1728 7191): "Third Session of the Sixth Regional People's Congress Holds Third Meeting; Puqung Reports on the

Work of the Regional People's Congress Standing Committee; Basang Pingduo Reports on the Work of the Regional Higher People's Court; Tudeng Caiwang Reports on the Work of the Regional People's Procuratorate"]

[FBIS Translated Text] The Third Session of the Sixth Tibet Regional People's Congress held its third meeting on the afternoon of 20 May to hear a report by Puqung, vice chairman of the regional people's congress standing committee, on the work the standing committee; a report by Basang Pingduo, vice president of the regional higher people's court, on the work of the court; and a report by Tudeng Caiwang, acting chief procurator of the regional people's procuratorate, on the work of the procuratorate.

Namgyai, executive chairman of the session, chaired the meeting.

Other executive chairmen of the meeting sitting in the front row aside the rostrum were Chen Kuiyuan, Tian Fujun, Cui Jiguo, Luosang Toinzhub, Jiang Chengguang, Du Tai, Maima Cering, Liao Jikang, Xiangba Pingcuo, Wang Xiaoruo, and Song Gulong.

Also sitting aside the rostrum were regional leaders Raidi, Gyaincain Norbu, Guo Jinlong, Basang, and Lieque; executive chairmen of the presidium; vice chairmen of the regional government; vice chairmen of the regional committee of the Chinese People's Political Consultative Conference [CPPCC]; persons in charge of the Tibet Military District, the Tibet Regional Armed Police Corps, the regional higher people's court, and the regional people's procuratorate; and members of the presidium.

The 358 of the 445 deputies attending the meeting formed a quorum.

Present at the meeting as observers were persons in charge of various regional departments, bureaus, committees, offices, colleges, offices stationed in other parts of China, and units affiliated with central authorities; representatives attending the Third Session of the Tibet Regional CPPCC Committee; and persons in charge of various prefectures, cities, and counties.

In his work report, Puqung examined the successes the regional people's congress standing committee has achieved since 1994, and put forth some assignments for 1995.

He pointed out: Acting on the resolutions passed by the congress, and for the sake of accelerating Tibet's economic development and safeguarding social stability, the standing committee has been proceeding actively in making laws. Since 1994, it has examined and passed 11 local laws and sets of regulations; intensified its efforts in supervising and inspecting the enforcement of cer-

tain laws and regulations according to plan; processed deputies' motions and proposals, forged closer ties between deputies and the people, and provided grass-roots people's congresses with stronger guidance. The standing committee also intensified its efforts in educating the people on the democratic legal system, established exchanges and contacts with people's congresses outside Tibet, and built a stronger standing committee with higher operating efficiency.

He stressed: The standing committee will continue to speed up its legislation, improve legislative efficiency, intensify supervisory efforts, pay attention to achieving higher supervisory results, intensify the publicity of the people's congress system, heighten people's awareness of the legal system, provide stronger guidance for the reelection of township and town people's congresses, establish closer contacts with deputies and grass-roots people's congresses, continue to strengthen itself, and give full scope to the roles played by various special committees and regional liaison offices.

Reporting the work accomplished by the regional higher people's court, Basang Pingduo said: In 1994, people's courts in the region actively served and supported the region's reform and development projects through the law, giving full scope to our adjudicatory functions. We enforced the law, strove to provide better judicial services, and intensified our efforts in reforming ourselves. This year, people's courts will play an even stronger part as organs exercising dictatorship so as to deepen the antiseperatist struggle, crack down on crimes, and provide timely and effective legal support and service for Tibet's extraordinary [chao chang gui 6389 1603 6016] economic growth through regulating the relations among various economic sectors. We will continue to strictly enforce the law, achieve better quality and greater efficiency in handling litigations, and make firm efforts in building a contingent of law enforcers.

Delivering his people's procuratorate work report, Tudeng Caiwang pointed out: In 1994, procuratorial organs in Tibet went all out to safeguard Tibet's stability by cracking down on the handful of separatists and serious crime perpetrators. To crack down on corruption, bribery, and other economic crimes, we pooled our strength in investigating various major cases and continued to fight corruption. We also promoted law enforcement through tightening our supervision and providing procuratorial services in all sectors. Moreover, we built stronger procuratorates by tightening procuratorial operations according to the law. This year, procuratorial organs at all levels will give top priority to cracking down on the handful of separatists and crime perpetrators. While carrying out investigation, we will give priority to dealing with corruption, bribery, and other economic

crimes; play a stronger role in providing legal supervision; carry out procuratorial services in all sectors; and serve Tibet's development and stability through building stronger party organizations and stronger contingents of law enforcers.

Tibet's Land Development Plan Passes Appraisal

*OW0606112195 Beijing XINHUA Domestic Service
in Chinese 0732 GMT 29 May 95*

[By RENMIN RIBAO reporter Luo Maocheng (5012 5399 1004) and XINHUA reporters Liu Zhijie (0491 1807 2638) and Wang Yi (3769 3015)]

[FBIS Translated Text] Chengdu, 29 May (XINHUA) — The "Tibet Autonomous Regional Overall Plan for State Land" was approved in Chengdu today following examination by an assessment committee. The plan sets the objectives for and tasks of developing and managing Tibet's state land for the next 25 years, and outlines a magnificent blueprint and lays a solid foundation for the transcentury development of Tibet.

The Tibet autonomous regional party committee and people's government attached importance to formulating the autonomous regional overall plan for state land, which was completed after nearly two years of work by over 20 departments, bureaus, and institutions of higher learning that were led and organized by the autonomous regional planning and economic commission. The program was formulated with the help and support of the State Planning Commission and other central departments, and experts from the China International Engineering Consulting Corporation provided consultations throughout the drafting process. The "Tibet Autonomous Regional Overall Plan for State Land" covers two sections comprising an overall program and 12 special programs, which are presented in 1 million characters, 100,000 of which describe the overall program. This is the first rather comprehensive, systematic, and instructive state land development and management plan Tibet has ever had. The overall plan puts forward the fundamental idea and framework of state land development and management in terms of strategies, distribution of productive forces, resource development and utilization, and environmental control while taking into consideration the region's realities.

We have been informed that the guiding thought for the "Tibet Autonomous Regional Overall Plan for State Land" is as follows: To effectively protect the ecological environment; strive to bring coordinated and integrated economic, social, and environmental benefits; and further promote sustainable economic, social, resource, population-related, and environmental development while we cater to the markets, rely on the

development of superior resources, center around the development of key industries, focus on the rational distribution of productive forces, and at the same time preserve Tibet's unique geographical environment and favorable ecological cycle.

In light of the time factor and our circumstances, we will carry out the overall plan in three stages of development that will span a period of 25 years, from 1996 to 2020. The objectives and tasks of state land development and management have been established, respectively, toward this end.

In the first stage, which falls within the "Ninth Five-Year Plan" period, we will restructure the industrial sector and readjust the distribution of productive forces by centering around the task of tackling economic relations and strengthening the economic foundation, and we will stabilize and develop the economies of farming and pastoral areas. We will promote the comprehensive development of agriculture and animal husbandry in the mid-drainage area of "one rivers and two tributaries" and other smaller zones; we will focus on developing the energy industry and some processing industries that have local flavor and are efficient; and we will energetically improve the conditions of transportation and telecommunications, develop other sectors of tertiary industry, and establish a system of socialized service.

In the second stage, which lasts from 2001 to 2010, we will further strengthen the position of agriculture as the foundation of the national economy, continue to improve the regional agricultural layout, and readjust the internal structure of agriculture. We will build processing industries which have higher added values and which rely on local resources; help village and town enterprises develop faster and attain a certain scale; complete a batch of energy and transportation projects; accelerate the establishment of cities and towns; and effect a favorable ecological cycle in most areas.

In the third stage, which lasts from 2011 to 2020, we will strengthen leading industries and develop new- and high-technology industries while comprehensively developing the agricultural sector and rural economies, and form a cluster of modern industries where superior industries and high technologies play a dominant role. We will help the people to become basically well-to-do and significantly improve the ecological environment.

The major framework for the distribution of Tibet's productive forces and for regional development, as proposed by the overall plan, is as follows: We will use the Sichuan-Tibet, Xinjiang-Tibet, Qinghai-Tibet, Sino-Nepalese highways as the axis of development, and move along this axis to develop certain fortified points in an effort to form four economic zones in the central,

western, eastern, and northern areas which fall within the two eastern and western economic semicircles, which have their own respective characteristics and which complement each other and help each other progress. We will focus on constructing a core economic zone whose hub lies in the area that stretches from Lhasa to Xigaze, and will gradually build Qamdo into a new economic growth point. We will concentrate on developing those areas where local administrative offices are located so these areas can become growth points that spur on the regional economy.

The "overall plan" also includes different plans for the distribution and development of Tibet's resources and industries, the layout of cities, and social development. Issues concerning agriculture, animal husbandry, basic industries, ecological and environmental protection, and developing Tibet through science and education are given prominence in those plans.

Official Sources Say Employment Rising in Tibet

OW0606091495 *Beijing XINHUA in English*
0802 GMT 6 Jun 95

[FBIS Transcribed Text] Lhasa, June 6 (XINHUA) — Labor departments at various levels in the Tibet Autonomous Region, southwest China, have created 23,400 new job opportunities over the past five years, official sources here said today.

The region has given energetic support to the growth of service trades, which have lagged behind the development of other industrial sectors as Tibet is traditionally an agricultural and pastoral area.

The service trades have employed 9,300 people over the past five years. While the state-owned sector is still the mainstay, individual and private businesses have developed vigorously, employing 60,000 people now.

To improve service quality, various kinds of training courses have been opened to help workers learn more professional skills.

Meanwhile, the regional government has promulgated a set of regulations on unemployment insurance for workers in state-run businesses.

Yunnan Governor Views Economic Cooperation

HK0306054395 *Nanning Guangxi People's Radio Network in Mandarin* 1130 GMT 14 May 95

[FBIS Translated Excerpt] [Presenter] Fellow listeners, the economic coordination meetings of five provinces and regions and seven parties have been held for 11 years, during which multilateral matters of principle have been transformed into substantive bilateral or multilateral cooperation. Yunnan Province's changes in

this respect are particularly noticeable, and Yunnan has established 224 cooperation projects with various parties since the 10th economic meeting. They have rebuilt the six arterial highways linking Kunming to neighboring provinces, regions, and countries, and its 10 cities, prefectures, and autonomous prefectures have decided to invest one billion yuan in highway construction. At present, Yunnan devotes most of its energies to building major passages leading to coastal areas. Please listen to the following recorded report covered and written by our staff reporter (Li Xiaoling).

[Li] During the 11th economic coordination meeting of five provinces and regions and seven parties, this reporter interviewed Yunnan Governor He Zhiqiang, who expressed his views on economic cooperation between five provinces and regions and seven parties.

[He] So far quite a few cooperative zones are operating in this country. But only this economic coordination meeting of five provinces and regions and seven parties, in which our Yunnan Province plays a part, seems to be increasingly flourishing. A major reason for our success is that there is much room for cooperation among different parts of the Southwest, which complement each other, make up each other's deficiencies, and help each other forward. Over the past few years we launched some cooperative projects. We did not start many each year, but after 10 years' efforts, these projects altogether have played an essential role in promoting exchange, technological exchange I mean, in enhancing mutual support, and in enabling different parties to supply each other's needs. This is one aspect. On the other hand, by joining force, the Southwest has become an integral whole, with each member supporting others in pursuit of common prosperity of all the Southwest. The Nanning-Kunming railway project, for instance, is a great success. Without the alliance of Guangxi, Yunnan, and Guizhou, our province cannot possibly flourish, nor can the whole Southwest. [passage omitted]

[Li] When talking about the prospects of economic cooperation between five provinces and regions and seven parties, Governor He Zhiqiang said:

[He] By and large, we need to work together. After all ours is a very large area. A major problem for the Southwest is its underdeveloped infrastructure. Now the central authorities propose to speed up the development of western China. One of the main tasks is to develop communication facilities and infrastructure in the Southwest. Let us work together, every party doing its share and contributing money to build communications facilities and infrastructure in the Southwest under unified planning. [passage omitted]

[Li] Governor He Zhiqiang is fully confident of the prospects of economic cooperation between five provinces and regions and seven parties. In the past 11 years, economic cooperation between Yunnan Province and various provinces prospered. According to preliminary statistics, from last year on, there have been 224 cooperation projects of all kinds involving 1.85 billion yuan of funds, over 100 million yuan of funds have been brought in from all sides, and 87 million yuan of cooperation funds for purchasing goods and materials have been realized. To accelerate the pace of development, Yunnan Province has decided to arrange for 40 key construction projects this year, and the total investment will approximate one billion yuan, with the focus placed on construction of infrastructure and basic industries, such as irrigation, energy, communications, and the supply of raw and processed materials.

Yunnan Secretary Meets With Inspection Team

HK0606062395 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 21 May 95

[FBIS Translated Text] A Yunnan-bound Chinese People's Political Consultative Conference [CPPCC] National Committee Inspection Team yesterday returned to Kunming after successfully winding up a 14-day inspection of the province's Kunming City, Chuxiong Li Autonomous Prefecture, Dali Bai Autonomous Prefecture, Simao Prefecture, and Xishuanbanna Dai Autonomous Prefecture.

Yesterday afternoon, provincial party committee Secretary Pu Chaozhu, provincial CPPCC committee Chairman Liu Shusheng, and some other provincial party and government leaders met and held talks with the CPPCC National Committee Inspection Team.

On behalf of the CPPCC National Committee Inspection Team, Fu Xishou, CPPCC National Committee Inspection Team leader, CPPCC National Committee Standing Committee member, and former Anhui Province governor, made a speech, saying: The current inspection shows that the central authorities are very much concerned with and attach great importance to ethnic minority areas development. After visiting and inspecting Yunnan, we now believe that in spite of enormous difficulties, Yunnan has scored tremendous achievements and boasts great latent potential for development. It is indeed far from easy for Yunnan to have achieved such rapid economic growth. Therefore, while acknowledging that there are a lot of difficulties ahead, we should understand that Yunnan is still a province that is rich in resources, has a long boundary, and especially boasts a strong contingent of cadres keen on and capable of continued exploration and hard work. This is where Yunnan's latent potential for development lies.

Fu Xishou noted: After the inspection tour is over, we will report to the central authorities several issues that merit attention, such as the issues of implementing special policies towards ethnic minorities areas, applying preferential policies intended to promote economic development of ethnic minorities areas, resolving financial difficulties at various levels, exploiting local resources, giving full scope to the province's superior border trade development, combating narcotics, and so on.

Secretary Pu Chaozhu also made a speech in which he stated: Yunnan is a province that is rich in resources and hands over a huge amount of revenue to state every year. However, Yunnan is still a rather poor province. For instance, people in most parts of the province are still living a hard life. To accelerate development of the province's mountainous areas and ethnic minorities areas, we have to make redoubled efforts, create more favorable conditions, and invite and secure more state investment in the province's infrastructure facilities construction. Due to such drawbacks as lower education standards and poor labor quality, the province has found it rather difficult to translate resources into economic results. To wipe out poverty, we should work hard to raise the province's education standard by making nine-year elementary education universal and by further improving vocational education. We should also strive to explore and formulate a new train of thought commensurate with the province's mountainous area development.

Provincial CPPCC Committee Chairman Liu Shusheng also made a speech. Also present during the meeting were provincial Vice Governor (Dai Songlu) [as heard], Li Mingde, Zhu Yinggeng, and Lang Dazhong, provincial CPPCC committee vice chairmen, and others.

Northeast Region

Heilongjiang Secretary on Economic Development

SK0606013795 Harbin HEILONGJIANG RIBAO in Chinese 11 May 95 p 1

[By reporters Duan Wenbin (3008 2429 2430) and Xu Feng (1776 6912): "Service and Guarantee Should Be Provided for Economic Development"]

[FBIS Translated Text] Heilongjiang is a good place, while its economic development has lagged far behind over the past few years due to the failure of seizing the opportunity. Therefore, at the moment all forces should be concentrated on beefing up the economy. The departments serving economic development should research and define the work objectives of their own and provide good service and guarantee for vigorously promoting economic development in line with the

general idea on economic development defined by the provincial party committee. This was the demands set forth by provincial leaders Yue Qifeng, Tian Fengshan, Sun Kuiwen, and Wang Zongzhang after hearing the reports on the work of Harbin Customhouse and five other departments a few days ago.

All of the six departments — customs, commodity examination, postal and telecommunications, meteorological, petition, and statistical departments — that participated in the report meeting have a common feature, that is, although they do not directly take charge of a certain production sphere, their work is closely related to economic development. Customs and commodity examination departments are both supervisory and administrative departments that enforce laws on behalf of the state. Over recent years, to adapt themselves to the changes in the development of the province's foreign trade, border and local trades in particular, these two departments have continuously improved their work by proceeding from their respective functions based on the reality of Heilongjiang, thus helping open the province to the outside world. Having heard the reports, provincial leaders fully affirmed the work of these six departments.

While listening to the reports, Yue Qifeng, secretary of the provincial party committee, chipped in with the remarks that the development of customs and commodity examination departments is indispensable to the development of local economy, with each promoting the other. At the moment, we are concentrating all the forces on beefing up Heilongjiang's economy. At this crucial period of economic development, we need the participation and support of all the fields in the province. Although customs and commodity examination departments are directly under the central authorities, their work place is in localities, and their service sphere and service targets are also in localities. Both the central and local authorities have the same goal, that is, to invigorate Heilongjiang's economy. So long as customs and commodity examination departments keep to the principles of "helping develop productive forces, strengthen the comprehensive national strength, and improve the people's living standards," emancipate the mind, change ideas, successfully play the checking and examination role, and make full and good use of state policies and regulations, they will be able to promote the development of foreign economic relations and trade of Heilongjiang. At the same time, the quicker the local economy develops, the more the service sphere of customs and commodity examination departments will widen, and these departments will become stronger.

Yue Qifeng pointed out: As the "window" units, customs and commodity examination departments should actively strengthen their construction and fur-

ther improve service quality in coordination with the provincewide discussion on how to improve economic development environment. He also expressed his belief that so long as customs and commodity examination departments uphold high standards and strict demands, they will be able to bring up a contingent of excellent law executors featured with a strong sense of responsibility, professional competence, efficient work performance, and few violations of laws and discipline.

On accelerating the development of border and local trades, Yue Qifeng said: Chinese and Russian trades supplement each other to a great extent, and there is great potential in development. In Russia's Far East Area in particular, not only foods and drinks need to be imported from China, textile and light industrial products are also in great demand. It should be noted that China's products are suitable for the Russia's Far East market both in prices and in consumption level and purchasing power. The key issue for the time being is to ensure the quality of products. The nongovernmental trade in particular should strictly examine commodities and resolutely eliminate fake and inferior commodities to restore the reputation of Chinese commodities. Yue Qifeng said: So long as we do the work in all aspects well, get on with the quality of export commodities, and foster the good image of Chinese commodities, we will be able to recapture the Russian market, and the trend of substantial development will emerge in the trade between China and Russia.

Yue Qifeng stressed the necessity of strengthening appraisal of the value of the investment property of foreign-funded enterprises. He pointed out that some foreign traders have taken the opportunity of investing with equipment to raise the quoted prices of equipment or use old equipment as new to seek profits, thus causing grave economic losses to the state. Hence, the appraisal must be grasped unfailingly. Heilongjiang, a place that has not been opened wide to the outside world, should all the more strengthen the appraisal and examination of foreign-invested enterprises to ensure their sound development. On no account should we hanker after immediate profits.

Yue Qifeng and other provincial leaders were greatly interested in the customs department's proposal on rapidly building the Harbin "inland port." Heilongjiang is an land-locked province without a sea outlet. If the state approves Harbin as the first "inland port" of China, we will be able to complete the formalities of customs declaration, customs examination, commodity examination, and foreign exchange settlement in Harbin for the goods exported from Harbin. This will bring about extremely great convenience for foreign trade

enterprises and will play a very great role in improving the province's investment environment.

Since the beginning of this spring, the province's temperatures have been on the low side obviously, thus affecting the progress of spring sowing. The provincial leaders were specially concerned with the report of the provincial meteorological bureau. Yue Qifeng pointed out: Weather forecast is closely related to agricultural production. From now on, the service to agriculture should be put in a prominent position. This year, to ensure the continuously high and stable grain yield, we must strive for a bumper harvest on the basis of combating droughts. Thus, meteorological departments should pay attention to the weather forecast oriented to agriculture and strive to give advanced, accurate and timely forecasts to take precautions against natural calamities and reduce losses. Yue Qifeng, Tian Fengshan, and some other provincial leaders expressed that they would give all-out support to the meteorological department's suggestion on establishing the provincial, prefectural, and city weather information high-speed transmission network, with satellite communications as the predominance, and establishing the disastrous weather forecast and warning system.

A very big risk facing Heilongjiang's agriculture lies in the retention of warmth. Yue Qifeng hoped that agricultural departments would continue to launch the activities of invigorating agriculture through science and technology, including rapidly cultivating cold-resistant and early-maturing varieties of crops, cultivating new technologies, expanding the acreage of film-covered fields, and spreading the interplanting of high- and low-stemmed crops, in order to ensure the steady increase in grain output.

Communications service is the basic industry of the national economy. Last year registered the most rapid development of the province's postal and communications facilities. In particular, the installed optical fiber cable lines devoted to meeting the demand of long-distance telephone calls were unprecedented in scale, creating the national record of installing 7,330 km of lines. Heihe and eight other land ports also opened through circuits to Russia one after another. Yue Qifeng expressed satisfaction with the achievements scored by communications departments. He stressed that it is necessary to make good use of domestic and foreign loans to energetically develop local communications service and, at the same time, good plans should be mapped out to repay loans. In importing equipment, we should attach importance to high starting point and should also avoid the passive situation of being controlled by others as a result of importing equipment from a single corporation.

Yue Qifeng stressed: Postal and telecommunications departments should strengthen the cooperation with broadcasting and television departments, make good use of existing communications equipment and lines, and avoid building duplicated projects. In the light of the problem that coal, forest industrial, state farm, and petroleum departments have each installed the communications networks for their own use and have been refusing to link their respective networks, which have caused obstructions and waste to communications facilities, Yue Qifeng demanded that these departments should each present their plans as quickly as possible, and all the communications networks should be linked up in the near future under the coordination of the provincial government.

A responsible person of the provincial letters and complaints office, who made a report, pointed out that this year his office will correctly handle the contradictions among the people under the new situation and safeguard social stability by closely following the central task of economic development in order to create a fine social environment for economic development. Yue Qifeng spoke highly of the cadres responsible for handling letters and complaints from the public for their spirit of being willing to be poor and being happy to dedicating themselves to the public. He said: Letters and complaints departments are important ones that promote and maintain social stability. In the process of building socialism with Chinese characteristics and initiating the socialist market economic system, the work on handling letters and complaints is indispensable. A basic reason for the occurrence of some social problems in Heilongjiang and for the increased factors for causing complaints is the serious backwardness in economic development. The fundamental way to resolve this problem is to beef up the economy.

Yue Qifeng said: By developing the economy, creating more job opportunities, and providing social security, the amount of letters and complaints from the public will bound to decrease gradually. It should be noted, however, that in the process of development, all kinds of problems and contradictions will continue to take place. He expressed hope that all levels of the cadres handling letters and complaints from the public will pay more attention to helping the people who have complaints to straighten out their thinking and will patiently talk to them to bring them around in an effort to resolve contradictions and problems in a timely manner at the grass-roots level. At the same time, all levels of party and government departments should list the work on handling public letters and complaints as one of the objectives that should be attained by major leaders during their tenures of office. This work should be

incorporated into the contents of evaluation of major leaders.

A responsible person of the provincial statistical bureau said in his report that this year his bureau will gradually establish and strengthen the statistical and investigation system for the "second battlefield" of economic development. Yue Qifeng considered this method very good. He said: The nonstate-owned sector of the economy has the characteristic of being numerous in centers, extensive in range, long in lines, extremely complicated in circumstances, and very difficult in making statistics. For this reason, statistical work should keep abreast of the change from planned economy to market economy. The nonstate-owned sector of the economy should be grasped with great efforts. For the problems of making false reports and hiding the truth that have emerged in statistical work, I want to give two remarks: Those who have caused problems due to mistakes in their work should be helped to improve their work; while those who have intentionally practiced fraudulence should be seriously criticized and dealt with.

Yue Qifeng said: Statistical departments should also regularly compile the economic statistical data from the comparisons between Heilongjiang and some southern and coastal places and then reflect the actual gaps between central and western places in order to provide basis for the policymaking of the provincial party committee and the provincial government.

Heilongjiang Governor Views Housing Construction

SK0606004695 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 4 Jun 95

[FBIS Translated Text] The provincial work conference on building small cities and towns and rural residential houses was held in Harbin city on 4 June. Provincial leaders Tian Fengshan, Wang Jiangong, and Ma Shujie; and Vice Minister of Construction Mao Rubai attended the conference.

The conference pointed out: It is necessary to further improve the housing conditions of the whole province, implement the strategy of using cities and towns to bring along the development of the whole province, rebuild the rural market economic pattern, and realize the strategic objective of quadrupling the province's GNP and attaining the level of moderate prosperity.

Governor Tian Fengshan gave a speech: He said: Strengthening the building of small cities and towns and the rural residential houses is a strategic measure for implementing the provincial party committee's overall ideology for economic development. Small cities and towns are the basis for developing township enterprises and the carriers of tertiary industry. In addition,

they are also the distribution areas for agricultural products. The building of small cities and towns may bring along the development of related industries and effectively change the rural investment and management environments. Strengthening the building of small cities and towns and rural residential houses is also an effective way for rationalizing the distribution of natural resources and the essential production factors and optimizing the organizations and is the inevitable choice for accelerating urbanization in the rural areas and the integration of urban and rural areas.

Tian Fengshan said: In the days to come, the general demands for the province's building of small cities and towns and rural residential houses are to take the realization of agricultural modernization, rural industrialization, village urbanization, and integration of urban and rural areas as the basic orientation; the enhancement of economic development quality, efficiency, and rate and the acceleration of building a new rural market economic pattern as the starting and resting points and uphold the principle of making breakthroughs in key areas, developing in a snowballing manner, making overall arrangements in a scientific way, carrying out package reforms and gradually establishing villages of a new type characterized by both industrial and agricultural development, a rational layout, coordinated community facilities, economic invigoration, beautiful environment, regional economy, and establishment of cultural centers. All localities across the province should realistically strengthen leadership over the work of building small cities and towns as well as rural residential houses, do a good job in the development of markets, real estate markets, and scientific and technological projects, center on industrialization while building cities, towns, and villages with their own characteristics, and strive to build a good environment for building small cities and towns as well as rural residential houses.

Vice Governor Ma Shujie made specific arrangements for the work of building small cities and towns as well as rural residential houses across the province. She called on all localities throughout the province to carry out their work creatively in line with the general trend of integrating the urban and rural areas, adjust the thinking, scientifically define the guiding ideology, development strategy, and fighting objective for building small cities and towns and rural residential houses, namely: upholding the idea of attaching simultaneous attention to building the urban and rural areas, promoting the integration of urban and rural areas, implementing the strategy of using advantages to bring along development, accelerating the building of small cities and towns, optimizing the distribution of population in villages and towns, and promoting the shift of surplus rural workers, defining

new development objectives, and enhancing the level of building small cities and towns. Ma Shujie stressed: It is necessary to mobilize the efforts of all social sectors, adopt comprehensive measures to advance this work and make the current work of building small cities and towns as well as rural residential houses a success. All localities should act in line with the province's economic development ideology and the demand of spreading this work to the coming century, step up efforts to readjust, revise, and formulate plans for the setup of cities and towns and for building villages and towns, optimize the policy environment for building small cities and towns, vigorously grasp the building of experimental units, establish and perfect the rural socialized service system, guarantee the needs for building and developing villages and towns, and strengthen the cohesion of small cities and towns. We should strengthen organizational leadership, guarantee the implementation of the task of building small cities and towns as well as urban construction. All localities across the province should carry out their work creatively, narrow the gap between the building of small cities and towns and the building of rural residential houses in the province as quickly as possible, and strive to promote Heilongjiang's economic development and comprehensive social progress and the realization of the strategic objective of quadrupling the GNP by the end of this century and attaining the level of moderate prosperity.

Heilongjiang Secretary Views Housing Projects

SK0606031795 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 5 Jun 95

[FBIS Translated Excerpt] The provincial party committee and the provincial people's government jointly sponsored a forum in Harbin on developing small towns and on building residential houses in rural areas throughout the province on the afternoon of 5 June.

Attending the forum were provincial leading personnel—including Yue Qifeng, Tian Fengshan, Wang Xianmin, An Zhendong, and Ma Shujie—as well as Mao Rubai, vice minister of construction.

Yue Qifeng, secretary of the provincial party committee, delivered a speech at the forum, in which he pointed out: The fundamental issue to developing small towns and building residential houses in rural areas lies in developing the economy to increase the people's incomes. Efforts should be made to orient the construction of small towns and rural residential houses into the province's overall strategy of development. The development made in the construction of small towns and rural residential houses will expedite in maximum the economic development of the province as a whole.

Yue Qifeng stated: The provincial party committee and the provincial people's government recently put forward a slogan with regard to urging the people throughout the province to strive to double the province's capability in agriculture. The construction of small towns and rural residential houses represents an important work in realizing the slogan. Therefore, various localities should grasp the construction successfully and realistically. The current construction of small towns and rural residential houses is very unsuitable to the economic state of the province as a whole. The leadership of various localities should put the issue concerning the construction in this regard on their daily schedule and should do a good job in leading peasants to engage in the construction of residential houses. The construction of small towns and rural residential houses represents an important aspect for making investment arrangements. The development made in the construction in this regard will certainly bring along the development in the industries and trades of construction, building materials, and transportation in the province. It will also expedite the economic development of the province as a whole.

Yue Qifeng stated: In the view of the province, conditions for developing small towns and for building rural residential houses are ripe. Currently, the people throughout the province have dealt with their problems of dressing warmly and eating to their fill and they will resolve their housing problems in the next period. The current income of the people across the province has surpassed the national per capita income level. The sum of bank saving deposits made by the people throughout the province has reached more than 20 billion yuan. Meanwhile, the peasants' income will certainly increase along with the development of agriculture, township enterprises, and animal husbandry. This represents a favorable condition. It is imperative to deal with the issue concerning plans in developing small towns and building rural residential houses. In line with their own conditions, various localities should formulate a good plan in this regard and do a good job in building the projects of auxiliary and service facilities. They should also successfully deal with the issues of supplies in water, power, and heating, as well as the issues of traffic and flooding prevention. Various localities should also do a good job in carrying out the general ledger in material supply and communications and in doing practical deeds in their work so as to achieve in truly developing small towns and building rural residential houses.

During the forum, Governor Tian Fengshan also made a speech. [passage omitted]

According to another report, the provincial work conference on developing small towns and building rural residential houses concluded in Harbin on 5 June. Ma

Shujie, vice governor of the province, attended and addressed the work conference.

***Defense Conversion Survey at Harbin Company**

95CE0426A Harbin FENDOU [STRUGGLE]
in Chinese Apr 95 No 4, pp 15-18

[Article by Survey Unit, Provincial CPC Committee Office: "The Way to Restore Grandeur — A Survey of the Conduct by the Harbin Aircraft Manufacturing Corporation of Strategic Readjustment From Military to Civilian Production"]

[FBIS Translated Text] Despite the slow growth in output value, and the continuing slump in returns of large and medium-sized state-owned enterprises throughout the province, the Harbin Aircraft Manufacturing Corporation has scored a great achievement, unmatched by ordnance plants elsewhere in the province, of producing the highest returns, developing the most reserve strength, and pulling development of the whole province's economy. In 1993, it generated profits and taxes totaling 58 million yuan on top of a 25 percent increase during the previous year. In 1994, its profits and taxes broke the 100 million yuan mark for a more than 70 percent increase. Prospects are that its output value and its profits and taxes will reach 30 billion and more than 5 billion respectively during 1995 and 1996, Harbin once again becoming one of the biggest supports of the Heilongjiang economy. For the past 6 years, it has been listed as one of the top 500 industries nationwide in sales volume, and in 1993, it was cited as a "major contributor" to the country's aviation industry, receiving a "May 1st" labor award.

How has "Harbin Aircraft" been able to score such wonderful achievements? Comrade Yang Shouwen [2799 1343 2429], the corporation general manager, feels strongly that "one has to say good-bye to the old forms of the planned economy era about ideological concepts, product make-up, operating mechanisms, and development of human talent. One has to adopt a new tack, making a complete change in the direction of the socialist market economy, and continue to carry forward the fine tradition of arduous struggle, diligence, and thrift in building the country."

1. Earliest possible updating of views, readjustment of operating policies, and setting a high starting point for converting from military to civilian production.

A large state-designated producer of military aircraft, for nearly 30 years—from the 1950s to the 1970s—Harbin Aircraft's products were centrally procured and centrally marketed by the state, and the state exercised central control over its income and expenditures. In 1971, it produced 200 military aircraft having an output

value of 1.5 billion yuan that yielded 75 million yuan in profits and taxes. By the end of the 1970s and the early 1980s, however, orders for military hardware declined sharply, and production work plummeted. In 1982, output value skidded to 70 million yuan, and taxes and profits came to just 3.1 million yuan, only 5 percent of which came from military hardware. The enterprise became like "a big horse pulling a little cart," skirting losses. This situation forced Harbin Aircraft to change from just sitting around waiting for the central plan to provide something to eat to orienting toward the market to find something to eat.

Faced with this major turnaround, Harbin Aircraft first demolished its old concepts about "waiting, depending, and asking" to establish a new concept of taking the initiative in changing and innovating. It came to realize through practice that the conversion from military to civilian production would not come by waiting, would not come by depending, and would not come by sticking out a hand and asking. The more it waited, the worse things would become, and the more it depended, the less hope there would be. It would have to make its own dreams come true. If it converted early, it could get going early; if it converted late, it would get going late; and if it did not convert, it would have to submit.

Second, it would have to avoid the mistake of making ill-advised changes; it would have to devise a policy for making scientific changes. At the beginning of the change over from military to civilian production, Harbin Aircraft adopted a beggars-can't-be-choosers policy of "not shunning the small, the onerous, and the complex." Thus it developed quite a few products that produced pretty good returns. It turned out large numbers of low-tech, low-value-added washing machines, noodle machines, oil pressing machines, small pots, small ladles, horseshoe nails, and such things that were already readily available in markets. Thus large inventories of stocks accumulated, tying up funds. Harbin Aircraft's leaders promptly summarized the lessons of experience and decided that they must make the most of the advantages the firm enjoyed in the production of technology-intensive goods. They established "five principles" for a high starting point policy of converting from military to civilian production (high standards and a high starting point, development of technology-intensive products in many fields, thinking in both short- and long-range terms, putting quality first, and building a good reputation). It also put a "four break away" production policy into effect (break away from the pattern of small lot and small scale production to find ways to gain out output from little input; break away from the "big and all inclusive" and the "small but all inclusive" style of production to seek a production pattern of lat-

eral, joint, specialized cooperation; break away from an undiversified production style of management to take a course of development that integrates science, industry, and trade; and break away from the "sitting and waiting for customers" way of doing business, establishing a sales strategy for taking part in market competition). After many years effort, it managed to fashion three lines of aviation, subcompact automobiles, and other electromechanical civilian goods that could compete well in the marketplace and that had a fairly high technology content.

Third, it broke the state of mind of "complacency as long as one is getting by," establishing in its place a strategic policy of preparing against future dangers when things are going well. Back in 1991, the leaders of Harbin Aircraft predicted rather farsightedly that as some of the country's subcompact automobile manufactures improved quality and grade, and as the country neared the goal of entering the World Trade Organization, Harbin Aircraft's leading product, the Songhuajiang minivan, would face the grim test of survival of the fittest in competition. They decided at once to solidify the corporation's quality advantage and develop economies of scale. They instituted a plan for increasing production from 10,000 to 100,000 vehicles, and for a ministry, province, city, and corporation joint investment in a "No. 1 Project." They would put Harbin Aviation once again in the forefront of the country in both scale and profits from subcompact car production.

2. Making the most of strengths, taking the lead in developing markets, and selecting development of a series of first-rate products to open the way for conversion from military to civilian production.

After many years of effort, Harbin Aviation has now developed three major lines of goods in great demand that can compete fairly well in the market.

Development of an aviation products line: When it first set out to convert from military to civilian production, Harbin Aviation chose a light-aircraft market niche both at home and abroad. In 1980, it designed the Yun-12 multipurpose plane based on U.S. Federal Aviation Administration airworthiness standards. It test flew this aircraft successfully in 1982. In 1985 and 1990 respectively, it received civil aviation airworthiness accreditation from Chinese and British civil aviation authorities. After obtaining this "green card" to enter the domestic and foreign (partial) market, it set annual production at 20 aircraft on the basis of sales, producing nearly 100 Yun-12 aircraft in eight different models all in all. It exported 62 to 17 countries, earning more than \$100 million in foreign exchange.

During the early 1980s, Harbin Aviation also put to use its helicopter production expertise. Acting with astounding courage and wisdom, it borrowed a total of \$70 million to obtain patents for French Dolphin helicopter production technology to produce "Heli-9" helicopters at the advanced level of the 1980s. This enabled the country to make a 30-year advance in helicopter fabrication technology in a single step. So far, it has produced and sold 57 of these aircraft, each of them for approximately 15 million yuan. Efforts are continuing to increase the percentage of China-made components of the "Heli-9," which is already 75 percent Chinese made. In addition to having developed telecommunications, artillery spotting, and armed models, shipboard and high plateau models have also been developed to suit the "Heli-9" better to both domestic and foreign market requirements. To make effective use of excess airplane manufacturing capacity, Harbin Aircraft also worked with France's Europe Helicopter Company and with Singapore on the research and development of a century-spanning advanced light helicopter. A prototype is to take part in an international air show in 1995. (Thanks to its advanced and functional performance, orders for 200 of these aircraft have been received from various countries during the designing stage).

Harbin Aircraft has also contracted the subcontracting of spare parts for American, British, French, and Dutch aircraft plants. This enables it to learn advanced technology free of charge and to earn approximately \$3 million in foreign exchange each year. Formerly, production of military aircraft was Harbin Aircraft's main business. Today, the types of military aircraft it produces have increased and their quality is better, but the percentage of civilian aircraft it produces has also increased. Formerly, it sold all of its aircraft inside China, but today the percentage of exports is gradually increasing. Formerly, aircraft output value fell to 5 percent for a time, but in 1994 it revived to 20 percent (200 million yuan). This shows that Harbin Aviation has not relinquished its old aircraft manufacturing business, and it also demonstrates how a sideline business can provide reverse nurture to the main industry.

Development of a subcompact automobile line. A subcompact automobile line served as the lifeline and a growth point for Harbin Aircraft's opening of a "second front." In 1980, it was the first company in the country to import technology from Suzuki of Japan. It digested and assimilated design and manufacturing plans suited to China, and in 1984 it began small-lot production of "Songhuajiang in-line subcompact motor vehicles." In 1992, it began fairly large scale production of minivans. In addition to passenger vans, it also developed eight different types of special purpose mo-

tor vehicles including rescue, epidemic prevention, banknote transport, engineering, public security, and mail carrying vehicles, which customers received very well after they appeared on the market. In 1993, these vehicles were hailed as "universally accepted Chinese name brand motor vehicles." Market supply could not keep up with demand.

In order to take the lead in meeting market competition, and in view of the possible restoration of China's GATT status, in September 1994, Harbin Aviation began a motor vehicle transformation (100,000 units) "No. 1 Project." By September 1994, it had begun trial production and made a major advance toward the goals of improving quality, expanding scale, and lowering costs. General Manager Comrade Yang Shouwen said with great confidence: "With effort, the quality of Harbin Aircraft's subcompact vehicles, its main civilian product, can reach or approach that of Japan. They can be superior to Japanese cars in appearance and function and in cost and price." In order to achieve true economies of scale and occupy an unassailable position in international competition, Harbin is planning to bring in Malaysian capital (\$100 million), and Japanese Mitsubishi manufacturing technology and equipment (\$100 million), itself putting up shares (51 percent) in the form of land and buildings to produce between 150,000 (single shift) and 300,000 (double shift) high-quality, multifunctional motor vehicles each year. Harbin Aircraft is currently researching and developing a subcompact sedan powered by a Japanese Mitsubishi engine. It is hopeful that flexible measures can be employed to obtain production licenses. If rapid government approval is obtained, by the end of this century or early in the next century, Harbin Aircraft will have a production capacity of 400,000 subcompact and multifunctional motor vehicles, its output value, profits and taxes rising geometrically.

Development of a civilian line of electromechanical products. In order to meet an urgent domestic need for updating pharmaceutical packaging machinery, Harbin Aircraft also assimilated advanced foreign technology for the successful research and development of eight international-level pharmaceutical packaging machines including glass-tube-drawing machines, plastic-bag-manufacturing machines, and antibiotic-power-injection-needle-production coordinated lines, all of which the government declared import-substitution products. The performance of the antibiotic-power-injection-needle-production coordinated line approaches that of the West German product, and the cost per machine is two-thirds less (a saving of 8 million yuan). Plastic-bag-manufacturing machines and individual packaging machines have been exported.

Consequently, the State Pharmaceutical Manufacturing Administration has designated Harbin Aviation a pharmaceutical-packaging-machinery manufacturing base and testing center. Harbin Aviation also accepted the production of wire rod continuous rolling machinery and spare parts for several large Chinese steel mills, and it contracted an automobile liquefied gas tank production project with an American firm. It successfully developed a carbon-fiber-composite-materials bicycle frame weighing only 1.4 kilograms that can be mass produced. Annual output value from these projects was scores of million yuan, or tens of million dollars. Thanks to these high-technology, high-added value, and high-marketability products, Harbin Aviation has begun to form a market that can withstand risks. Its civilian products have become principal products rather than sidelines, and profits and taxes, this "second financial resource," has become the leading financial resource. As people at Harbin Aviation say: "Automobiles provide two meals a day; airplanes provide one meal a day; and civilian consumer goods earn pocket money."

3. Get rid of the longstanding abuses of the "iron rice bowls, iron wages, and iron armchairs," enliven enterprise operating mechanisms, and cultivate economic diversification and diverse ownership system growth points.

After full investigation and study, and thorough and repeated validation, Harbin Aircraft began to move ahead with reform of three systems in 1994. After instituting an all-personnel appointment system for cadres, 386 administrative cadres (23 percent of all cadres) were either demoted and sent to special skills positions or became second-line administrative assistants. After institution of a staff member and worker contract system, 17,200 staff members and workers signed individual short-, medium-, and long-term contracts with the plant. Then everyone felt both pressure and motivation, which roused their interest in doing a good job. After widening pay-scale differences, the difference between grades expanded from 3.2 times to 5.6 times. Wages for jobs having a high-technology component, or that are difficult, dirty, tiring, or dangerous increased considerably. This had the effect of attracting personnel on the second line of production to move to the front line (a net increase of more than 1,000 people). Redundant personnel moved out to many different kinds of work (1,400 moved to tertiary industries). Another 300-odd went to training in training centers while awaiting a position, no longer being paid a wage. They will be reassigned to positions competitively as production and business warrants. This both added to manpower on the front line of production and operation, thereby solving the need for human talent for the production and development of civilian goods, and

also lightened the burdens of the corporation's main line of work. A saving in wages and bonuses of nearly 10 million yuan annually can be realized from the removal of surplus staff members and workers. Harbin Aircraft's eradication of the "three irons" means that once most products of the internal mechanism enter the marketplace, a change from the traditional planned economy to a market economy will accompany it.

Even before Harbin Aircraft has completed the conversion from military to civilian production, its output value, profits, and taxes already meet the goals set for the period following its transformation. The company is on its way to creating a separate, collective Harbin Aircraft output value, profits, and taxes in addition to the state-owned Harbin Aircraft output value and taxes. The Harbin Aircraft Collective Industrial Corporation of 1994 has increased the number of its staff members and workers from somewhat more than 1,000 to somewhat more than 8,000, its assets have increased from 1.6 million to more than 100 million yuan, and its profits and taxes have increased from less than 100,000 yuan to more than 10 million yuan since it began in 1979 as the "May 7" plant operated by the families of workers, cadres, army men, etc. The company has departed from the singular development of the state-owned economy. It began the departure with its logistics and welfare sectors where it gradually changed from a "no payment for services" pattern to a payment for services pattern, and from simply providing services for itself to providing services for both itself and outsiders. It has changed from being responsible for bonuses to being responsible for wages and all costs, gradually providing more service to the "parent body," and serving society, thereby benefiting the "parent body" and society.

Right now, the Harbin Aircraft Collective Industrial Corporation is working hard to seize opportunities for providing service for its subcompact vehicles. It has already built 10 parts and accessories production lines for automobile jacks, brakes, mufflers, and other things, and it has completed research and development on 17 different automobile parts in order to set the stage for making bigger returns from serving Harbin Aircraft. The company has also developed production of a series of items including household heaters, oil-stoves, multipurpose speedboats, burglar-proof doors, and an pou ji [1344 3916 2623]. It runs several tertiary industries, including a science-and-technology consulting service, automobile spare parts sales, business concern management skills consulting, alarm device sales, advertising and decoration, and retail businesses. The development of these products and the operation of these various business entities not only provide employment for young people and retrenched personnel in need of

jobs and also lightens the load of the "parent body," but while providing numerous services to the state-owned "parent body" and society, they also steadily develop and strengthen the company itself. Forecasts call for a 40-percent-per-year increase in the output value, profits, and taxes of these enterprises between now and 2000, with annual output value reaching around 1.1 billion yuan and profits and taxes amounting to more than 100 million yuan, an amount equal to the 1994 output value, profit, and taxes of state-owned Harbin Aircraft.

4. Rational development of human talent, placing equal emphasis on training, use, and encouragement to make fullest use of the latent zeal of all personnel for taking part in production and operations.

In the development of human talent, Harbin Aircraft has taken five major actions: First is the transfer into the corporation of large numbers of personnel. Between 1991 and 1995, large numbers of engineers and technical personnel left or retired. To prepare itself for the future, Harbin Aviation has accepted nearly 2,000 college and secondary technical school graduates since 1988 so that a new crop of people will be on hand before the old crop is depleted.

Second is structural readjustments. In order to bolster its civilian products design and development, Harbin Aircraft has added an automobile design and a civilian products design shop to its existing aircraft design shop of 400 designers, bringing the total number of designers to more than 1,200. By way of improving its market sales force, Harbin Aviation has expanded its former market sales and service section of 30-plus personnel to a specialized sales and service corps of more than 1,300 personnel in two offices of a single department (the automobile sales office and the civilian goods sales office in the airplane sales assistance department). It has also set up 389 sales and service network outlets throughout the country.

Third, it has improved training. In order to turn its young technicians into skilled hands as quickly as possible, during the past several years the company has sent more than 500 trainees to industrial concerns in the United States and France for training, study, and to work on design or as employees. Not only have their skills increased very rapidly, but the corporation has earned nearly 10 million yuan in foreign exchange from the export of this technical manpower. During the designing of the Yun-12 airplane, more than 300 design personnel learned and became thoroughly familiar with use of American airworthiness standards for designing aircraft and conducted quality control. Thanks to international cooperation, and the joint designing, research, and development of a century-spanning advanced helicopter,

100 designers learned Western advanced aircraft design concepts and three-dimensional design skills.

Fourth is the creation of conditions. In order to give product designers scope for their abilities, Harbin Aviation invested nearly 20 million yuan in the building of a 12,000-square-meter design building equipped with two large computers, 45 computer work stations, more than 200 microcomputers of various makes, and a large digital plotter. This permitted much updating and improvement of design techniques and capabilities. In order to stir the interest of market sales personnel and intensify market development, Harbin Aircraft made the entire sales office contract the selling of subcompact motor vehicles, and equipped its 24 sales stations throughout the country with computers to form a company micro-computer network.

Fifth is policy stimulation. Harbin Aviation has a 10 point preferential policy for its educated personnel (including newly arrived college graduates), the main point of which is issuance of a one-time living allowance and a 20-percent food allowance. For top-notch young talent under 35 years of age, it practices a "young senior worker" evaluation system. Currently more than 30 personnel enjoy high-ranking engineer benefits. It also emphasizes the promotion from among young educated people of expert leaders in specialized fields and administrative cadres. It also provides them preference in physical examinations, convalescence, and housing. Harbin Aviation also has 10 preferential policies for workers on the front line, principal of which are a special allowance for those engaged in difficult, dirty, and tiring work. Outstanding plant team and group leaders are issued a position allowance. Each year 30 percent of young workers receive promotions, and top-notch technical personnel are given the title of young technician or high-ranking technician (140 young technicians and eight high-ranking technicians have been selected). Workers who make outstanding contributions are provided handsome bonuses (old workers in 22 workshops received one-time bonuses of 5,000 yuan for successful new research and development of automatic metal shaping production equipment). These actions have produced an administration and management mechanism at Harbin Aviation in which people are an asset. It has effectively stirred the enthusiasm of all personnel to take part in production and business operations. It has taken full advantage of the role of human talent, this most dynamic productive force.

5. Carries forward the spirit of hard work and innovation, wins central government ministry, provincial, and municipal support, to produce a fine situation of many quarters working together to move ahead with development.

In a certain sense, the achievements of Harbin Aircraft today have come from arduous struggle and from moving "God." Take implementation of the "No. 1 Project," for example. In order to save project investment and bring the project on stream and up to speed as quickly as possible, everyone at Harbin Aviation from the general manager, Yang Shouwen, and the CPC Committee secretary, Zhang Jianli [1728 1696 3810], at the top, to all the workers on the front line at the bottom did voluntary labor, putting in more than 100,000-man days of voluntary work. Not only did this speed up progress on the project, but it saved nearly 1 million yuan. In order to get more work done for less money, Harbin Aviation did not seek the bizarre and the novel. Whatever it could do itself, it positively would not have done elsewhere; whatever could be done in the country, it positively would not buy from abroad; and if it could solve a problem by spending less, it positively would not spend more. It saved upwards of 100 million yuan on the purchase of American two-handed stamping equipment, Ukrainian digital machine tools, and China-produced automatic assembly and delivery systems instead of using all foreign-made imports.

In order to gain time, steal a march, and gain market share, Harbin Aircraft decided production should come first and living needs second. Because of a shortfall of more than 100 million yuan, it delayed the building of an office building, a quality-inspection building, and associated infrastructure projects, putting limited financial resources into the production workshops and equipment for which there was a crucial need. It also broke the production rule used abroad for similar production lines of debugging for half a year before going into production. While winding up construction work, the company both got ready to go into production and conducted debugging, with the equipment producing benefits even during the running-in period. During a half-year period, Harbin Aviation will increase output of subcompact cars by at least 5,000 and increase profits and taxes by more than 40 million yuan.

The long-term benefit from taking markets ahead of schedule is even more considerable. Not long ago, an expert from the Japanese Suzuki subcompact automobile production firm was astounded during a visit to Harbin Aviation. He said three sentences: The first was he did not imagine that the "Harbin Aviation No. 1 Project" could get going so fast. The second was that building such a production line with 290 million yuan was not possible, and the third was that he regretted not having earlier entered into joint venture cooperation with Harbin Aviation. The Yaohua Auditing Office in Hong Kong sent personnel to Harbin Aviation to evaluate assets. They concluded that the current value of the

"No. 1 Project" was 860 million yuan. At start-up, this was 470 million yuan more than the investment.

During the past several years, Harbin Aviation's economic returns have increased with each passing year. The older it gets, the better it gets. However, they can invest more money in production, research and development, and design. The company's office building is still an old 1950's structure. The company's decision makers still live in old 1950's houses. These "bosses" of a state-owned enterprise still use a small automobile to go to and from work. The comments of Lin Zongtang [2621 1350 2768], former minister of aviation and aeronautics, about the creative spirit of arduous struggle, diligence, and thrift in building the country of the Harbin Aviation leadership team is "upright, of one heart and one mind, unified, and pragmatic." It is because of this praise of Harbin Aviation for its spirit of arduous pioneering and respect for work that the former minister of aviation, the government of Heilongjiang Province, and the government of Harbin City have given extremely great support to Harbin Aviation's implementation of the "No. 1 Project." The ministry invested 20.55 million yuan, the province issued 30 million yuan worth of debentures, and the city provided 220 million yuan of credit. The Harbin municipal government also decided that the "No. 1 Project" is to benefit from the high and new technology development zone policy. During the 1992-94 construction period, it is to be exempt from taxation, and it does not have to repay its loans until it has sold cars.

Harbin Aviation's spirit of arduous pioneering has also found favor among some foreign firms. Numerous foreign firms are extremely interested in forming joint ventures with Harbin Aviation. The Hong Kong Aviation Fund invested \$25 million (25 percent of total shares) to operate a joint venture with Harbin Aviation called the Harbin Aviation Motor Vehicle Manufacturing Co., Ltd. Its capital now stands at \$12.5 million, which it is using to buy sophisticated imported and Chinese-made metal stamping production lines. This will greatly increase compact automobile production capabilities. This demonstrates the fine external environment and bright future for Harbin Aviation's speedier development and prosperity.

Harbin Aviation's experiences and method give us the following four insights:

Insight No. 1: Putting together a good team, particularly the selection of a good plant director or manager, is a decisive factor in the vigorous development and energizing of large and medium-sized state-owned enterprises.

Harbin Aviation's practice demonstrates that just as Comrade Yue Qifeng [1471 1477 1496], provincial CPC committee secretary, said: "Plant directors and managers are also production forces." "Picking an enterprise leader is more important than a big project." Therefore, in seeking avenues to enliven state-owned enterprises, Heilongjiang Province should make revamping and selection of outstanding entrepreneurs a basic action, treating the elevation of able people and the demotion of mediocre people as the decisive factor in the invigoration of state-owned large and medium-sized enterprises.

Insight No. 2: Development of good, high-value-added products that can compete strongly in the market is the key to accelerated development of large and medium-sized state-owned enterprises.

All enterprises should do as Harbin Aviation did in getting rid of stereotyped and trite products in response to the provincial CPC committee's call for the opening of a "second front" in economic development. They must put effort into the development of premium quality name brands, numerous products, numerous lines, and opening up new markets. They must go from the small to the large, use sidelines to support mainline products, and convert sideline products into mainline products. Governments at all levels must place in an extremely prominent position the evaluation of enterprise achievements, and support for rapid enterprise development.

Insight No. 3: Establishment of a fine operating mechanism, and developing economic diversification is the basic approach for improving the vitality of large and medium-sized state-owned enterprises.

Harbin Aircraft demonstrates that production avenues and operating domains for reforming or not reforming the three systems, for demolishing or not demolishing the "three irons," for practicing or not practicing the "three separations," (separating the logistics system, subordinate workshops, and junior military enterprises), and developing or not developing economic diversification and multiple development vary greatly. Therefore, large and medium-sized state-owned enterprises must resolutely, quickly, and unhesitatingly pioneer their own openings of a second front, putting into effect with all possible speed a strategic turn around that converts burdens into wealth and enlivens the dying. Governments at all levels, government departments that can exert economic leverage, and economic authorities in charge should do more to set the stage for enterprises to bring about the fissioning of parent bodies, and economic diversification.

Insight No. 4: Carrying forward a spirit of arduous pioneering, with central government ministries,

provinces, and cities providing joint support, is a key requirement for the invigoration of large and medium-sized state-owned enterprises.

Heilongjiang Province's economic development lags by comparison with other provinces. All enterprises should pay more attention to diligence and thrift in building the country, arduous pioneering, and continuing to carry forward the Daqing and iron-man spirit. This is an important requirement for self-reliantly developing their own capital for founding businesses and also for gaining outside support. There are numerous centrally administered enterprises in Heilongjiang Province, with the province ranking ahead of most in this regard. Speeding up development also requires special attention to improving central government ministry, province, and city cooperation, to doing as Harbin Aviation did, to frequently pursuing ministries to get money to move ahead, and to get more investment, project, and development opportunities. This is crucial. Local government

should also give more attention to these "turnkey" enterprises getting more money from higher authority and chasing projects. Leaders coming forward personally to chase projects and provide preferential policy treatment are also indispensably important conditions.

Liaoning's Dandong Elects New Secretary

SK0206123095 Shenyang LIAONING RIBAO
in Chinese 16 May 95 p 1

[By reporter Ma Gengling (7456 1649 0109): "Wang Weizhong Was Elected As Secretary of the Dandong City CPC Committee"]

[FBIS Translated Text] On 13 May, the first plenary session of the Eighth Dandong city CPC Committee elected Wang Weizhong [3769 0787 5883] as secretary of the city party committee.

Li To 'Avoid' Political Issues at Cornell*OW0506130695 Taipei CNA in English
0943 GMT 5 Jun 95*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — Republic of China [ROC] President Li Teng-hui will meet the US media at a press conference scheduled during his visit to Cornell University, the first US visit by an incumbent ROC president.

Li will travel to his alma mater on June 7 to receive an honorary degree and deliver a speech. His visit has attracted wide media attention and sources said the ASSOCIATED PRESS, REUTERS, THE NEW YORK TIMES and THE WASHINGTON POST have all requested interviews with the head of state.

The Presidential Office and Foreign Affairs Ministry have attached great importance to the media's interest in Li's visit, saying that their opinions played a major role in pushing the Clinton administration to allow Li into the US.

They noted that since the US Congress passed resolutions in early May urging President Clinton to allow Li's visit, top US newspapers such as NEW YORK TIMES, WASHINGTON POST, THE WALL STREET JOURNAL, and the CHICAGO HERALD-TRIBUNE have run editorials to express their support of the idea.

Meanwhile, the sources said Li's speech at Cornell will recall his university days and how he applied the skills he learned there to leading a nation of 21 million people to a free, democratic and prosperous future. It will avoid discussion of political issues, they noted.

Date of Press Conference Uncertain*OW0606102195 Taipei CHUNG-KUO SHIH-PAO
in Chinese 5 Jun 95 p 2*

[FBIS Translated Text] A relevant official of the Presidential Office disclosed yesterday that because President Li Teng-hui's U.S. visit has attracted close attention from the Chinese and foreign media, relevant government departments have decided after discussions to hold a press conference for Chinese and foreign journalists at Cornell University and prefer to hold the news conference for about one hour on 10 June.

It has been learned that the final version of President Li's speech, which is to be delivered at Cornell at 1500 on 9 June, has been completed and is being polished. In view of the fact that the content of speeches delivered in the past by various political figures were very broad, President Li will not only talk in his speech about Cornell's influence on him, but will put emphasize

how he utilized his studies in his work in Taiwan after graduating from Cornell, particularly his political philosophy during his presidency and his appraisal of the global situation and the Republic of China's [ROC] role and participation in the Asia-Pacific region and the world.

The relevant official said that President Li will speak about 30-40 minutes and the text of his speech will be finalized soon. Since delivering a speech at Cornell is the most important item for President Li's visit to his alma mater, he has attached great importance to the content of this speech.

The Presidential Office, the Ministry of Foreign Affairs [MOFA], and the Government Information Office [GIO] originally suggested that a press conference be held right after President Li's speech at Cornell. However, the United States opposed this idea. After assessment, Taiwan decided to explain to the United States why it is necessary to hold a press conference at Cornell, so as to satisfy hundreds of Chinese and foreign journalists' needs for news reporting.

This official also disclosed: According to our representative office in the United States, a major Western news organization hopes to conduct an exclusive interview with President Li. This issue was discussed at a coordination meeting recently. However, chances are low that President Li will accept an exclusive interview with a major Western news organization at Cornell due to his tight schedule and possible protests from other media.

The official said: We are not 100 percent sure when the press conference will take place. Since it is likely that some VIPs will visit Cornell, we prefer to hold the news conference on 10 June. However, this is only a tentative date.

Premier Lien Meets With U.S. Law Professors*OW0606113495 Taipei CNA in English
0903 GMT 6 Jun 95*

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, June 6 (CNA) — Premier Lien Chan said Tuesday [7 June] that Taiwan, with a good geographical location, abundant capital, high-caliber manpower and strong manufacturing capabilities, is entitled to develop itself into an Asia-Pacific business operations center and base.

"We see good prospects and feel confident about reaching the goal," he noted.

Lien made the remarks while meeting with two law professors from Columbia University — John Collins Coffee and Ronald J. Jilson.

The premier expressed the hope that American academics and business community could get a better understanding of Taiwan's operations-hub plan and strengthen bilateral cooperation, thereby helping pave the way for prosperity and progress in the Asia-Pacific region.

Prof. Coffee, an expert in company law as well as securities and exchange law, shared Lien's views. But, he pointed out that if Taiwan could remove some legal barriers and uplift financial services to increase profit opportunities of foreign investors, the operations-hub plan would have a more substantial effect.

The two guests were accompanied during the meeting by Chen Shu, chairman of the Securities and Exchange Commission under the Ministry of Finance.

WTO Talks With U.S. Said at 'Crucial Stage'

OW0606044895 Taipei CNA in English
0128 GMT 6 Jun 95

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — Taiwan's WTO [World Trade Organization] talks with the United States are scheduled to enter a crucial stage in mid-June, Lin Yi-fu, director-general of the Board of Foreign Trade, said Monday [5 June].

Lin said he will visit the United States June 12-14 to meet with American officials on Taiwan's market-opening measures, covering agricultural and industrial products, cigarettes and liquor, government-procurement projects, and the services industry.

Lin, who just returned from the latest round of tariff talks with eight WTO contracting parties in Geneva, said he hopes to reach agreement with the United States as soon as possible in a bid to accelerate Taiwan's entry into the world trade regulatory body. The World Trade Organization is the successor body of the General Agreement on Tariffs and Trade.

In addition, he noted, Vice Economic Affairs Minister Sheu Ke-sheng will attend the first-ever Taiwan-U.S. Vice-Ministerial meeting scheduled for June 22-24 in Washington, D.C., during which Taiwan's WTO membership will be discussed.

Lin also said the BOFT would seek to conduct another round of separate tariff consultations with Japan and Canada by the end of June to facilitate Taiwan's entry into the WTO, and will send a trade mission to visit Mexico, Venezuela, Colombia and Chile June 10-25.

The trade mission will study the feasibility of signing investment-protection agreements, double-taxation-avoidance pacts and ATA (temporary admission of

goods) accords with the four countries, in addition to lobbying support for Taiwan's WTO membership, he elaborated.

Taipei Promoting Relations With African Countries

OW0506133595 Taipei CNA in English
0922 GMT 5 Jun 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — The Republic of China [ROC] on Taiwan is promoting "mutual recognition" with African countries as part of its effort to break out of international isolation and expand diplomatic frontiers, a senior Foreign Ministry official said Monday [5 June].

Testifying before the Legislative Yuan's Foreign Affairs Committee, Tu Ling, director of the Foreign Ministry's African Affairs Department, said mutual recognition is a way to boost friendship and cooperation with foreign countries, but it is usually used in developing ties with smaller nations.

The ROC and Papua New Guinea (PNG) signed a joint communique recognizing each other on May 22. Papua New Guinea, a South Pacific island nation, was the second country in the world to sign such a pact with the ROC after Vanuatu.

Tu said the ROC has maintained long-term cooperative ties with Papua New Guinea in economic, agricultural and technological fields, and many senior PNG officials, including its deputy prime minister, have visited Taiwan. "This indicates that the two countries already enjoyed a good relationship before they recognized each other," he noted.

Eight of the 53 African nations have established full diplomatic ties with the ROC, but only a few of the remaining 45 African nations have maintained long-standing friendships with Taiwan. "Without long-term friendly ties, it is not easy to reach a mutual recognition agreement with a foreign country," Tu said.

Nevertheless, he said, the Foreign Ministry is promoting mutual recognition with several smaller African countries. "We hope our efforts will produce positive results in the future," he added.

Under international law, the biggest difference between "mutual recognition" and "establishment of diplomatic ties" lies in the right to exchange envoys. "Mutual recognition" usually does not involve an exchange of ambassadors.

Speaking at the same occasion, ROC Ambassador to Niger Lin Chih-hung said Niger, the largest African

country that maintains diplomatic ties with the ROC, has reaffirmed its commitment to supporting Taiwan's bid to join the United Nations.

"Before I returned to Taipei for home consultations, I met with Niger President Mahamane Ousmane who told me his country's ambassador to the UN will speak in favor of the ROC's bid during this year's UN General Assembly general debate session," Lin said.

More than 10 of the ROC's diplomatic allies, including Niger, jointly asked UN Secretary-General Butrus Butrus-Ghali last year to set up a special panel to study feasible ways for the ROC to be represented in the UN. A similar proposal is expected to be presented to the UN Secretariat this year.

Envoy to Niger Urges Closer Civilian Exchanges

OW0606045095 Taipei CNA in English
0116 GMT 6 Jun 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — Ties between the governments of the Republic of China and Niger have become closer over the last three years, but private exchanges must increase, Ling Ching-hong, ROC [Republic of China] ambassador to Niger, said here Monday [5 June].

"It is necessary to strengthen civilian exchanges if the hard-won ties are to be further consolidated," Ling said in his report to the Legislative Yuan on Niger's political development and its ties with the ROC.

Niger set up full diplomatic links with the ROC in 1963, three years after it won independence from France. Recognition was switched to Beijing in 1974 after a military coup, but then switched back to the ROC in 1992. At that time, ties were shaky because of the lack of agreement among Niger's political parties regarding the resumption of relations with Taipei, Ling said.

He said the problem has been overcome, however, because of the better understanding Niger's various political parties now have toward the ROC. Nigerian President Mahamane Ousmane's state visit to the ROC last June was particularly beneficial in cementing official ties, Ling said.

A three-member Taiwan agricultural technical team has been stationed in Niger since November, and the two countries plan to sign an agricultural-cooperation agreement soon. Still, private exchanges between the two countries are limited, Ling lamented.

He suggested that the government send a business mission to Niger to explore trade and investment opportunities there, given Niger's rich uranium, coal,

iron, and gold reserves. He also recommended that the ROC Government lend a hand in helping Niger develop small enterprises by, for example, holding short-term seminars there or providing consultancy services.

Mainland Trade Promoter Postpones Taipei Visit

OW0506124495 Taipei CNA in English
0948 GMT 5 Jun 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — Zheng Hongye, chairman of the Beijing-based China Council for the Promotion of International Trade (CCPIT), did not come to Taipei Monday [5 June] as scheduled.

Zheng, 66, was originally scheduled to arrive in Taipei Monday afternoon for a week-long visit at the invitation of Wang Chang-ching, chairman of the Taipei-based China External Trade Development Council (CETRA).

However, CETRA received a message from its Beijing counterpart early Monday morning saying Zheng could not leave for Taipei as scheduled because he had not yet completed all related formalities.

Nevertheless, the CCPIT letter said Zheng will visit Taiwan in the near future.

As the CCPIT is Mainland China's most important international trade promotion organization, Zheng's Taipei visit must first be approved by Beijing authorities. The abrupt change of Zheng's itinerary has sparked speculation here about Beijing leaders' intentions, particularly on the eve of ROC [Republic of China] President Li Teng-hui's groundbreaking visit to the United States.

CETRA Deputy Secretary-general Li Shao-mo said as far as he knows Zheng will come to Taipei later, but the exact date has yet to be decided.

Li said CETRA and the CCPIT are parallel organizations. "We have invited Zheng to visit here mainly to discuss ways to boost bilateral cooperation in trade promotion and information exchanges."

Zheng was the highest-level mainland trade figure ever to be invited to Taipei.

CETRA Expresses 'Regret'

OW0606111195 Taipei CNA in English
0950 GMT 6 Jun 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 6 (CNA) — A senior Taiwan trade promoter Tuesday expressed

regret over a major mainland Chinese business leader's cancellation of his scheduled Taipei visit.

"We don't know why Zheng Hongye, chairman of the Beijing-based China Council for the Promotion of International Trade (CCPIT), couldn't come to Taipei Monday [5 June] as scheduled, but our invitation to him remains valid and we hope he will be able to visit Taiwan in the near future," said Li Shao-mo, deputy secretary-general of the China External Trade Development Council (CETPA).

Cetra Chairman Wang Chang-ching invited Zheng to visit Taiwan June 5-12, but Zheng informed CETRA Monday morning that he couldn't come to Taipei as scheduled because of failure to complete related formalities in time.

As Zheng did not go into detail, Li said he didn't know whether Zheng will still visit Taiwan.

According to reports from Hong Kong, Zheng has canceled his Taipei trip. As Zheng is scheduled to retire from his current post in mid-June, he is not expected to visit Taipei before his retirement.

Zheng, 66, is one of the most influential trade promoters in Mainland China and is well regarded by the international business community. He is expected to continue playing an intermediary role in commercial exchanges across the Taiwan Strait, Li said, adding Zheng is welcome to visit Taiwan even after his retirement from the CCPIT chairmanship.

Zheng was the first mainland business heavyweight invited to visit Taipei since the ROC [Republic of China] government relaxed restrictions recently on entry to Taiwan for specified categories of Mainland Chinese business persons.

Li said CETRA is also interested in inviting Zheng's successor, Guo Dongpo, incumbent director of Macao branch of XINHUA NEWS AGENCY, to visit Taiwan after Guo assumes the CCPIT chairmanship to exchange views on ways to promote Taiwan-Mainland trade and economic cooperation.

Zheng's cancellation of his Taipei visit has sparked speculation here that Mainland China might slow cross-strait commercial exchanges to vent its anger at ROC President Li Teng-hui's forthcoming visit to the United States.

A CCPIT official, however, dismissed such speculation as groundless, saying Zheng's cancellation of his Taipei visit has nothing to do with Li's U.S. visit.

The official, who preferred anonymity, told CNA in a telephone interview that Zheng canceled his Taipei trip partly because he must finish some work in Beijing

before his retirement. He stressed that cross-strait trade and economic exchanges should not be affected by political or diplomatic events.

Ship Owners Discuss Off-Shore Shipping

OW0606103695 Taipei China Broadcasting Corporation News Network in Mandarin
2300 GMT 3 Jun 95

[Report by reporter Tai Jui-fang in Taipei; from the "Hookup" program]

[FBIS Translated Text] The policy governing off-shore shipping between the two sides of the Taiwan Strait requires that transit shipping must be conducted on the principle of no-customs clearance and no-entry, and that Kaohsiung is the only port on our side for the trial run.

Since the mainland side does not quite understand the technical matters concerning off-shore shipping, shipowners on the two sides of the Taiwan Strait held a formal meeting at the office building of China Ocean Shipping Company in Hong Kong. Our side was represented Lin Hsueh-shan of the National Association of Chinese Shipowners and seven shipping companies, including Yangming and Evergreen. The mainland was represented by a delegation of several shipping companies led by Zhang Dachun of the China Ocean Shipping Company. Both parties discussed how to form shipping companies on the basis of one-to-one cooperation to operate the special navigation line. If the talks go on smoothly, a cooperation document in the form of a memorandum is expected to be signed.

It was learned that the negotiations between Yangming Shipping Company and Mainland's China Ocean Shipping Company on opening the Kaohsiung-Shanghai line are complete and are expected to pave the way for cross-strait transit navigation.

This is reporter Tai Jui-fang reporting from Taipei.

Ministry on Center

OW0606104695 Taipei China Broadcasting Corporation News Network in Mandarin
2300 GMT 3 Jun 95

[Report by reporter Tai Jui-fang in Taipei; from the "Hookup" program]

[FBIS Translated Text] Mao Chih-kuo, vice minister at the Ministry of Communications said: Although it is the ministry's duty to establish the off-shore shipping center, shipowners at home have played a key role in helping to realize the goal. In addition, the mainland has adopted a professional and practical attitude towards Kaohsiung-mainland transit shipping cooperation. That

is why concrete results can be achieved in a short period of time. This can be termed as a win-win situation which is beneficial to the two sides of the Taiwan Strait. Mao Chih-kuo said:

[Begin Mao recording] I believe the off-shore shipping center case can be termed as a win-win situation, beneficial to both sides of the Taiwan Strait. It can also be termed as a kind of test for collective wisdom. We have found that the Mainland side has adopted a professional and practical attitude in dealing with this case. [end recording]

As for when the cross-strait transit navigation will formally begin, Vice Minister Mao Chih-kuo reservedly said that it all depends on the mainland side [words indistinct]. When conditions are ripe, success will come. It is only a matter of time.

Another question is: Since the talks on cross-strait transit navigation went so smoothly, will the Ministry of Communications use this as a model for talks on passenger-oriented air and sea transportation? The Ministry of Communications does not think so. It believe these issues should be handled case by case.

This is Tai Jui-fang reporting from the Ministry of Communications.

SEF Cultural Mission To Visit PRC 11-20 Jun

OW0606051695 Taipei CNA in English
0135 GMT 6 Jun 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — A cultural and educational delegation sponsored by the Taipei-based Straits Exchange Foundation (SEF) will leave for Mainland China on Sunday [11 June] for a 10-day visit, a high-ranking SEF official said on Monday.

SEF Deputy Secretary-General C.P. Li said the delegation will pay visits to Mainland China's high schools, colleges and universities and schools for the children of Taiwan businessmen in Beijing, Jinan, Shanghai, Fuzhou, and Shenzhen. The mission will also call on Wang Daohan, chairman of the Mainland's Association for Relations Across the Taiwan Strait (ARATS), as well as Beijing's Ministry of Culture, the State Education Commission and the Press and Publication Administration, Li noted.

The SEF and ARATS are the semi-official intermediary bodies authorized by Taipei and Beijing, respectively, to handle cross-strait civilian affairs in the absence of official contacts.

In addition to agreeing to institutionalize talks between them, the SEF and ARATS also agreed to boost bilateral

cultural and educational exchanges late last month here during the first preparatory meeting for the second round of talks between the heads of the SEF and ARATS, which will be held in late July in Beijing.

It was also decided that an ARATS cultural and educational delegation will visit Taiwan in August.

According to Li, the SEF delegation to the mainland will include Chang Liang-jen, director of the Mainland Affairs Council's Department of Cultural and Educational Affairs, Cho Ying-hao, director of the Education Ministry's Secondary Education Department, and officials from the Government Information Office and the Council for Cultural Planning and Development.

This is the first time that government officials will take part in an SEF inspection tour of Mainland China, Li said, adding that information gathered by the SEF delegation in the mainland will help the government form policy regarding cross-strait educational and cultural affairs.

Investors Not Allowed To Become CPPCC Members

OW0606101995 Taipei CHUNG-KUO SHIH-PAO
in Chinese 2 Jun 95 p 2

[FBIS Translated Text] On 1 June, Mainland Affairs Council [MAC] Chairman Hsiao Wan-chang said that Taiwanese investors in the mainland are not allowed to become committee members of mainland China's Chinese People's Political Consultative Conference [CPPCC]. He said that Hong Kong and Macao businessmen, who are on the CPPCC committees, are banned from entering Taiwan, not to mention Taiwanese investors.

At yesterday's Dragon Boat Festival gathering of Taiwanese businessmen who invest in the mainland, Wang Lung-lin, chairman of the Nanning Taiwan-Funded Enterprises Association, said that Mainland China's Taiwan affairs offices in various localities have intended to invite successful Taiwanese investors to take positions as CPPCC committee members; however, the MAC does not have clear-cut rules on this issue. Wang asked Hsiao Wan-chang to explain the MAC's stance on this matter to the participants.

Hsiao Wan-chang said categorically that Taiwanese investors in the mainland are not allowed to become members of the CPPCC committees at various levels. This is a clear-cut policy. Taiwanese investors will not be allowed to return to Taiwan, if they take positions as CPPCC committee members. He added that Hong Kong and Macao businessmen, who assume government positions in Mainland China are banned from entering Taiwan, not to mention those from Taiwan.

Senior Advisor To Announce Presidential Bid

OW0606051895 Taipei CNA in English
0122 GMT 6 Jun 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — Lin Yang-kang, senior adviser to President Li Teng-hui, said Monday [5 June] that he will formally announce his own presidential bid as early as September.

Lin, also a vice chairman of the ruling Kuomintang [KMT], made the statement in an interview with a cable TV news program at his home in suburban Yangmingshan.

The KMT is scheduled to discuss measures governing the election of party nominees for president and vice president during its 14th national congress on Aug. 22-23.

Party primaries are scheduled for some time between September and November, and Lin said he would announce his presidential bid around that time.

He said if he finds the rules governing the primaries unfair, he would bypass the primaries and seek to directly join the presidential race. "I cannot possibly pull out from the election under any circumstance," Lin said.

Lin, who also has served as vice premier and judicial yuan president, asserted that he would have an edge over other candidates in central Taiwan, where he was born, grew up, and served as a county magistrate. He also said he is better understood and would win a majority of votes in northern Taiwan, even if he were denied the KMT nomination.

He said that in that case, he would align himself with the Chinese New Party, whose core is composed of a group of disgruntled KMT members.

He said he has not yet decided on a vice presidential partner.

Lin said that if elected president, he would give priority to domestic affairs, followed by ties with Mainland China.

Lin is the sole KMT member to announce his presidential bid. Four members of the Democratic Progressive Party, Taiwan's largest opposition party, have announced their bids, while no new party member has.

Rules Relaxed for Hong Kong, Macao Emigres

OW0606101895 Taipei LIEN-HO PAO in Chinese
2 Jun 95 p 4

[FBIS Translated Text] To help promote work related to Hong Kong and Macao affairs and to take care of those who are friendly toward Taiwan, the Executive Yuan recently approved the Mainland Affairs Council's [MAC] amendment to the rules on Hong Kong and Macao people moving to or residing in Taiwan. The new rules will allow Hong Kong and Macao people who have contributed to promoting work related to Hong Kong and Macao affairs to reside in Taiwan. To facilitate channeling Hong Kong and Macao capital to Taiwan, the MAC also relaxed the residency requirements to allow people from Hong Kong and Macao to apply for Taiwan residency through making investments. An investment or savings of NT\$5 million, half the previous amount, will be required for residency.

According to the revised regulations on Hong Kong and Macao people moving to or residing in Taiwan, the new residency requirements for people from Hong Kong and Macao are as follows:

1. An investment of NT\$5 million in Taiwan approved or certified by relevant responsible departments;
2. Savings of NT\$5 million in Taiwan for at least one year, plus an inward remittance proof issued by the foreign exchange bank;
3. Those who have contributed to the promotion of the Taiwan government's work related to Hong Kong and Macao affairs and the implementation of its Hong Kong and Macao policy, with papers certifying their contributions issued by Taiwan's representative offices in Hong Kong and Macao and reviewed by the MAC and other relevant departments.

Taipei To Complete Some Farm Tariff Talks by Jul

OW0606044995 Taipei CNA in English
0105 GMT 6 Jun 95

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — Taiwan is expected to complete farm tariff talks with Colombia, Uruguay, Chile and northern Europe by July in its bid to join the World Trade Organization (WTO), the successor body of the General Agreement on Tariffs and Trade (GATT), an agricultural official said Monday [5 June].

Chen Wu-hsiung, director of the Council of Agriculture's Economics and Planning Department, made the remarks upon his return from the latest round of agricultural tariff-concession negotiations in Geneva, where he

and Board of Foreign Trade Director-General Lin Yi-fu represented Taiwan in talks with eight WTO members.

Chen said talks with Colombia, Uruguay, Chile and northern Europe — or Sweden, Denmark, Norway, Finland and Iceland — will be completed after the four parties present their final checklists to Taiwan during the next round of negotiations in July.

Taiwan still must conduct further negotiations with the 15-member European Union (EU), Mexico, New Zealand and Australia, he noted.

The EU is still not satisfied with Taiwan's import duties on pork, duck and chicken, while big differences on quotas and tariffs on dairy products still exist between Taiwan and New Zealand, he said.

Among the 25 WTO members registered for tariff consultations with Taiwan, Taiwan has reached agreements with South Africa, Malaysia, Turkey, El Salvador, the Czech Republic, Slovakia and the Philippines.

Great China Airlines To Buy Planes From Canada

OW0606104395 Taipei CNA in English
0834 GMT 6 Jun 95

[By S.C. Chang and Lilian Wu]

[FBIS Transcribed Text] New Brunswick, Canada, June 5 (CNA) — Taiwan-based Great China Airlines Monday [5 June] signed a contract with Canadian Bombardier, Inc., to buy 12 Dash-8 regional passenger planes.

S. Tang, chairman of Great China Airlines, signed the US\$316 million contract with Bombardier's Chairman Laurent Beaudoin in St. Andrews, New Brunswick. Vice Minister of Transportation and Communications Mao Chi-kuo and Canadian Minister of Transport Douglas Young witnessed the signing ceremony.

Bombardier, Inc., no longer produces the 70-seat planes ordered by Taiwan, but it hopes that the Taiwan order will lure other buyers so that it can restart the Dash-8 production lines. It is not known when the planes will be delivered to Taiwan.

Meanwhile, National Taiwan Ocean University and the Canadian Coast Guard College also forged sisterhood ties after eight years of friendly exchanges.

Wu Yung-kuei, director of Taiwan Ocean University's College of Maritime Science, and David G. Parkes, director of Canadian Coast Guard College, signed the agreement for long-term cooperative relations.

The two signing ceremonies were held before the 9th joint meeting of the Canada-Taiwan Business Association held here June 3-5.

Northern Telecom Signs Alliance With Taipei

OW0606111895 Taipei CNA in English
0941 GMT 6 Jun 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, June 6 (CNA) — Canada's Northern Telecom (Nortel) Monday [5 June] signed a letter of intent with the Ministry of Economic Affairs (MOEA) to form a strategic alliance with Taiwan, a ministry spokesman said.

Vice Economic Affairs Minister Yang Shih-chien and Nortel World Trade President James Long signed the agreement on behalf of their respective governments.

The signing made Nortel Taiwan's 25th strategic alliance partner and the first Canadian one, the spokesman noted.

Under the agreement, Nortel will invest in setting up plants in Taiwan and allow its Taiwan branch to play a major role in research and development, and technology exports, the spokesman said.

Nortel will submit the investment plan to the ROC [Republic of China] government within three to six months and negotiate with Taiwan firms on telecommunications cooperation issues.

Nortel has branches in more than 90 countries with a business turnover topping US\$8.9 billion last year. Its business turnover in the Asia-Pacific area alone also reached US\$1 billion in 1994, up 300 percent from 1993.

After signing of the agreement, Nortel is expected to strengthen its long-standing cooperative ties with Taiwan and upgrade Taiwan's design and production capability in the telecommunications field as well as increase Taiwan's sales of telecommunications products in overseas markets.

Manufacturing Industry Profits Grow in 1994

OW0506095895 Taipei CNA in English
0856 GMT 5 Jun 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — Thanks to a global economic recovery and Taiwan's booming export trade, manufacturing industry profits grew 6.39 percent last year, posting the second-highest annual growth since 1988, the Ministry of Economic Affairs reported Monday [5 June].

The chemical industry topped all manufacturing industries with a profit growth of 10.27 percent, followed by the pulp and paper-making industry's 6.54 percent.

The wood processing industry was among those with the lowest profit, the latest ministry statistics showed.

Business turnover of the manufacturing industries, backbone of Taiwan's export trade, soared to NT [new Taiwan] \$5.4606 trillion (US\$218.42 billion) in 1994, marking an annual increase of 10.43 percent, the statistics indicated.

Of the manufacturing industries, the chemical industry posted the highest turnover of 23 percent, followed close behind by the pulp and paper-making industry with 21 percent. The global economic recovery pushed up the prices for related raw materials as well, ministry officials said.

Turnovers posted by the printing, electronics and electrical appliances industry, and non-metal mineral industry rose 20 percent, 15 percent and 0.34 percent, respectively, while the garment and sundry industries saw their turnovers decline 2.72 percent and 0.32 percent, the officials added.

Sustained global growth and booming exports helped regain the confidence of domestic manufacturing industries. Fixed capital investment in manufacturing industries in 1994 increased 18.09 percent to NT\$349.2 billion (US\$13.97 billion), posting the second-highest increase in six years, the statistics showed.

Of the capital investments, factory housing and construction work surged 47.93 percent, followed by machinery and miscellaneous equipment with 11.39 percent. Transportation vehicles and equipment, meanwhile, shrank 3.96 percent from 1993, the tallies showed.

Japan 'Leading Technology Supplier' in 1993

OW0506051495 Taipei CNA in English
0127 GMT 5 Jun 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, June 3 (CNA) — Japan replaced the United States as Taiwan's leading technology supplier in 1993, with expertise imports from Japan surpassing the U.S.\$200 million mark for the first time, according to the statistics department of the Ministry of Economic Affairs.

Statistics released by the department show that Taiwan spent U.S.\$514 million on foreign-technology imports in 1993, about 40 percent of which, or U.S.\$203 million, went to Japan. The U.S., right behind Japan, exported U.S.\$147 million worth of expertise to Taiwan, or 29 percent of the total.

Department officials said increased Japanese investment overseas led to the increase, elaborating that the strong

Japanese yen has caused many Japanese firms to relocate overseas, resulting in more technology exports through frequent cooperative ventures with foreign companies.

The officials, citing a report made by a Japanese research unit, said Japan exported U.S.\$4.76 billion worth of manufacturing technology in 1993, enjoying a surplus of U.S.\$450 million in the technology export trade.

Taiwan exported just U.S.\$48 million worth of technology in 1993, the officials added.

Commission Says Investment in Industry Up

OW0506051795 Taipei CNA in English
0122 GMT 5 Jun 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, June 3 (CNA) — Foreign and overseas investment in Taiwan's wholesale and retail industry grew 100 percent last year, making the sector the second-largest target of overseas investment among all industries, the Economics Ministry's Investment Commission said Saturday [3 June].

Commission officials attributed the increase to a change in the consumers' buying habits and to an increase in the number of supermarkets, convenience stores, and shopping malls islandwide.

Investment in the chemical and electronics and electrical-appliance industries also demonstrated remarkable growth in 1994, the officials added.

Foreign and overseas investment in Taiwan topped U.S.\$1.63 billion last year, up 34 percent from 1993, the officials said, noting that this was the first positive growth since 1987.

The officials said the growth was due to the global economic recovery and the improved investment climate and loosening of investment restrictions here.

Nation To Be World's 3d-Largest Computer Producer

OW0606051795 Taipei CNA in English
0140 GMT 6 Jun 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — Taiwan is expected to become the world's third-largest computer producer this year, the Institute of Information Industry (III) said on Monday [5 June].

Statistics compiled by the III show that Taiwan was the world's fourth-largest computer producer in 1994, with

total production value, including overseas output, hitting U.S.\$16 billion.

According to the same tallies, six Taiwan-made computer products grabbed the largest world market shares last year. Locally made motherboards and mice enjoyed 80 percent stakes on the international market, while scanners, monitors and keyboards had 61 percent, 56 percent and 52 percent shares, respectively. Meanwhile, Taiwan-made notebook computers had a 28 percent world market share.

Judging from the performance of those Taiwan-made computer products, whose 1994 production value increased 30 percent over 1993, the IRI predicted that Taiwan will easily surpass Germany this year to become the world's third-largest computer maker, after only the United States and Japan.

Officials with the China External Trade Development Council attributed the industry's outstanding performance to the ability of Taiwan computer makers to produce key parts and components on their own and to their strategy of relocating production lines overseas.

Taiwan computer manufacturers are strong in the production of cathode ray tubes, central processing units and chips, they noted, adding that the industry's 1994 overseas output increased by 78 percent over 1993's record.

Annual Consumer Price Index Growth Down in May

*OW0606114395 Taipei CNA in English
0913 GMT 6 Jun 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 6 (CNA) — The annual growth rate of Taiwan's consumer price index (CPI) dropped to 3.31 percent in May, the lowest level since last December, the Directorate General of Budget, Accounting and Statistics (DGBAS) said Tuesday.

The CPI, which measures price changes from 1991 when the index was 100, stood at 115.65 in May, down 0.18 percent from April, according to DGBAS tallies.

The slowdown indicates domestic inflationary pressure has eased, DGBAS officials said, adding abundant vegetable and fresh fruit supplies were instrumental in driving down CPI growth.

The officials further pointed out that the annual growth rates of wholesale and import price indices for May were also lower than previous months, which will help maintain domestic consumer price stability.

Central Bank of China Governor Sheu Yuan-dong said the slower-than-expected CPI growth in May demonstrates that the Central Bank's "measured" easy credit policy is effective and appropriate.

With the inflation rate declining, Sheu said, the Central Bank will now carefully consider local industries' demand for working capital. "While giving priority to price stability, we'll also provide easier access for local manufacturers to obtain funds needed to finance their business expansion to help sustain our overall economic growth," he added.

According to DGBAS tallies, the CPI grew 4.06 percent in the first five months of this year as compared with the same period of 1994. Although the five-month growth rate was slightly higher than the original forecast of 3.94 percent, DGBAS officials said domestic consumer prices will gradually stabilize and the annual inflation rate will still fall within the targeted range.

Meanwhile, the wholesale price index stood at 108.06 in May, up 7.43 percent from the year-earlier level. Although the growth rate was lower than April's 8.19 percent, it remained relatively high. Moreover, the index's average annual growth rate still reached 7.96 percent for the January-May period. Against this background, the officials said, the government should still be cautious in handling commodity price-related affairs.

The annual growth rate of the import price index dropped to 10.49 percent in May, lower than April's 13.08 percent due in part to drops in major raw material prices in the world market. For the first five months, the import price index climbed 12.61 percent.

The export price index grew at an annual rate of 4.14 percent in May mainly because of increasing demand for Taiwan-produced petrochemicals and rises in export prices for some food products. The index's average annual growth rate for the January-May period reached 5.37 percent, according to DGBAS tallies.

Manufacturing Companies Become Bigger

*OW0506131595 Taipei CNA in English
0912 GMT 5 Jun 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — Taiwan's top 1,000 manufacturing companies posted an aggregate turnover of NT [new Taiwan] \$3.4 trillion (US\$133.33 billion) last year, up 14.4 percent from the 1993 level, according to an annual commonwealth survey of domestic industries released Monday [5 June].

The growth rate was higher than Taiwan's 6.42 percent overall economic growth for 1994, the business monthly said.

The magazine said the minimum turnover needed for a company to make the top 1,000 list reached NT\$562 million (US\$22.04 million) in 1994, also far higher than the previous levels which used to range between NT\$300 million (US\$11.76 million) and NT\$400 million (US\$15.69 million).

Meanwhile, per capita production of workers at the top 1,000 manufacturing firms increased 13 percent from the year before to NT\$5.12 million.

The survey further found that business turnover of the top 100 manufacturers accounted for 55.5 percent of total revenues posted by the top 1,000 manufacturing firms, and their average profit rate reached 12.7 percent in 1994.

"All these figures point to the growing concentration of local manufacturing industries," the magazine said, adding big companies are growing even bigger.

COMMONWEALTH predicted that the number of local manufacturing firms with paid-in capital of more than NT\$10 billion (US\$392.16 million) will rise to 50 this year from 1994's 14.

Information/electronics remained the brightest industry, with 272 firms in the field making the top 1,000 list and their accumulated turnover accounting for 29 percent of the top 1,000 firms' total business revenues. However, the survey found, the average profit rate for the information/electronics industry dropped 1.4 percent because of fierce competition at home and abroad.

Among the top five profit-makers, two were semiconductor manufacturers — Taiwan Semiconductor Manufacturing Corp. and United Microelectronics Corp.

Thanks to rising raw material prices in the international market, several domestic upper-stream industries, such as petrochemicals, paper and plastics, registered double-digit growth in business turnover in 1994, according to the survey.

The survey also found that the paper industry topped other sectors by posting a 6.9 percent profit rate growth last year.

In terms of individual companies, state-owned Chinese Petroleum Corp. remained the largest local manufacturing firm, with a turnover of NT\$277.6 billion. The Taiwan Tobacco and Wine Monopoly Bureau, also a state enterprise, followed with a turnover of NT\$104 billion. Privately-owned Nan Ya Plastics Corp. came in third, with NT\$77.39 billion.

Meanwhile, accumulated turnover of the top 500 service firms also increased 15 percent in 1994 as compared with the year-earlier level. Per capita production of their workers rose an average of 12 percent to reach NT\$5.86 million.

Retailing and auto dealership saw their turnover climb 28 percent and 25 percent respectively in 1994, and flight services also posted a 16 percent gain.

Profit rates for many service sectors, however, declined last year, according to the survey. Securities brokerages outperformed all other service sectors, with its turnover rising 85 percent and their average profit rate reaching 34 percent.

Aggregate earnings of the top 100 financial institutions surged 22 percent last year as compared with the 1993 level, but their total assets rose only 14.1 percent, slightly lower than 1993's 17.7 percent.

Council Warns of Global Capital Shortage Problem

OW0506122195 Taipei CNA in English
0938 GMT 5 Jun 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, June 5 (CNA) — The world will soon suffer from a capital shortage and Taiwan should prepare for it, the Council for Economic Planning and Development (CEPD) said Monday [5 June].

CEPD officials said that demand for capital will soon become brisk and force interest rates up. In addition, increasing government debts incurred by welfare programs will also help fuel the capital shortage, they added.

The world's top savers, those aged between 40-60 and living in member states of the Organization for Economic Cooperation and Development (OECD), will rise to 45 percent of the population aged 20 and above in 2010 from 40 percent in 1996, the officials said.

During the same period, the percentage of population that requires loans, those between 20-39, will decrease to 34 percent from 42 percent. The number of people over 65 will also increase to 21 percent from 18 percent.

CEPD officials explained that the population shifts mean that baby boomers are becoming the major savings holders.

It is estimated that the real savings of industrialized nations will increase to about US\$12 trillion from about US\$7 trillion in the next decade. This will temporarily relieve the capital shortage problem, the CEPD said, but after 2010 as baby boomers become responsible for

the majority of consumption, the capital shortage will reemerge.

The officials noted that the ratio of government debts of OECD nations has increased from 40 percent of gross domestic product 15 years ago to the present 70 percent. Debts from social welfare programs will also increase in the future.

And after 2010, when baby boomers enter retirement and begin to collect pensions, the debt will grow even higher, they said.

The officials noted that Taiwan has maintained an average savings rate of 31.8 percent during the past 20 years, but the figure had begun to drop recently. Combined with an increasing elderly population, the fall in savings will burden government coffers.

To avoid an adverse impact on Taiwan's development, the government must streamline its fiscal system and strive for a reasonable distribution of social resources, they said.

Hong Kong

Reportage Covers 4 June Anniversary 'Vigil'

Thousands Attend Vigil

HK0606083695 Hong Kong EASTERN EXPRESS
in English 5 Jun 95 p 1

[Article by Felix Lo and Tom Iggulden: "32,000 in Tiananmen Vigil"]

[FBIS Transcribed Text] Thousands of people attended last night's June 4 candlelight vigil at Victoria Park, showing that Hong Kong has not forgotten the brutal crushing of the pro-democracy movement by Chinese troops in Tiananmen Square six years ago.

Police said about 16,000 people attended the gathering in Victoria Park to mourn the Chinese mainland students killed in 1989, although organisers put the attendance at 32,000.

The turnout was five times greater than for last year's vigil, possibly because yesterday's gathering fell on a Sunday, observers said.

After two hours of singing pro-democracy anthems, the ceremony climaxed when the crowd surged to their feet and bowed deeply three times to an obelisk commemorating Tiananmen's "martyrs of democracy".

There was a moment of silence before the protesters, clutching candles and many of them in tears, turned to embrace each other.

In Beijing hundreds of armed police patrolled a mostly empty Tiananmen Square keeping at bay all journalists who attempted to record the scene.

Several demonstrators were swiftly arrested when they rushed into the square and threw handfuls of paper funeral money onto the pavement to commemorate those who died in 1989.

At Victoria Park the Hong Kong pro-democracy campaigner Szeto Wah told the crowd: "As we face what could become even greater pressure and trouble, we resolve to cross over into 1997 without forgetting June 4.

"I ask the spirits of the dead of Tiananmen to give courage to the people of Hong Kong."

A Hong Kong resident, Wong Tam-kwai, 67, whose father and brother were killed by the Communists before he fled to Hong Kong from Dongguan in 1949, said he attended the gathering every year.

"I will never forget the suffering the Communists inflicted on my family," he said. "That's why I come here every year to support fighting for democracy."

Another resident surnamed Kong, 64, was attending for the first time.

"You won't see this magnificent gathering and united effort after the handover," he said. "So its near-extinction pushed me to come here tonight."

The Chinese dissident Han Dongfang, who was made stateless by China, and the labour activist and a former legislator, Lau Chin-shek, wept as a Chinese lamentation was played over videotaped scenes of armoured vehicles in Tiananmen Square.

Lau said political awareness in Hong Kong had risen after the June 4 massacre.

The event culminated with the lighting of the "torch of the spirit of democracy".

Earlier, about a dozen student protesters staged vocal opposition to last night's Miss Hong Kong beauty pageant, attacking the event as insensitive to those who died in Tiananmen Square six years ago.

The leader of the Hong Kong University protesters, Henry Chan, singled out the event's sponsor, Television Broadcasts [TVB].

"TVB told us it was tradition to hold this on the first Sunday of June, but we found out this has only been done for three years," he said. "That's not a very long tradition, not as long ago as the June 4 protests."

Earlier in the day, a group of religious leaders appealing for the release of political prisoners in China placed a symbol of a white dove against the main door of the New China News Agency (Xinhua) in Happy Valley.

Legislators Branded 'Traitors'

HK0606083795 Hong Kong EASTERN EXPRESS
in English 5 Jun 95 p 2

[By Sam Mok]

[FBIS Transcribed Text] The legislators Szeto Wah and Emily Lau needed a police escort after being branded as "traitors" by an angry crowd at a forum to discuss the Tiananmen Square massacre yesterday.

Pro-China speakers at the forum criticised the legislators for their part in organising June 4 memorial activities and said Hong Kong people should re-evaluate Beijing's decision to crack down on the pro-democracy movement in 1989.

Speaking at the forum entitled "June 4 and Transition", Wong Man-kong, a deputy to China's National People's Congress, said the civil wars in the former Soviet

Union and Yugoslavia showed that the Chinese government had been right in clearing Tiananmen Square "to maintain social order".

He said the June 4 massacre "had only led to 500 deaths, including government troops".

Wong said it was necessary for China to arrest dissidents around June 4 every year "for the sake of stability" and because "many dissidents are working for foreign forces".

Legislators such as Szeto and Lau should stop condemning the Chinese government and instead create a harmonious environment for improving people's livelihood, he said. After the forum, Szeto and Lau, who were representing the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China, were surrounded by an agitated crowd who decried them as traitors.

Wong said that under the Basic Law, the alliance would be considered illegal after the handover in 1997.

"One of the alliance's principles says the Chinese government must be overthrown, but the Basic Law disallows subversive acts," he said.

Szeto responded that Hong Kong people still held firm to the moral judgment condemning the bloody oppression at Tiananmen.

"The killing of unarmed students and Beijing citizens by using machineguns and tanks must be wrong," he said.

Editorial Views Incident

HK0606085395 Hong Kong HONGKONG
STANDARD in English 5 Jun p 14

[Editorial: "Beijing Must Look in The Mirror of June 4"]

[FBIS Transcribed Text] June 4 emotions have cooled considerably. This is evident from reports out of Beijing yesterday and from the smaller turnouts in Hong Kong for anniversary vigils. Even opinion surveys show that people are less worked up about the crackdown on student demonstrators six years ago.

Those who escaped to settle down in exile in the West have been less concerned with commemorating the occasion than with squabbling over the rights and wrongs of the decision to stay put in Tiananmen Square until the military moved in on that fateful night.

But June 4 cannot be wiped out from the collective memory of the Chinese any more than the Cultural Revolution can. Those who believe otherwise need to bear in mind that May Fourth anniversaries, commemorating

a much earlier student demonstration, continue to stir emotions of Chinese everywhere.

There might have been less publicity and even less emotional display if not for the almost daily arrest of activists over the past fortnight.

The arrests were not unexpected; they have characterised the lead-up to June 4 since 1990. Also expected, too, were the heavy turnout of policemen on Tiananmen Square and in the Beijing campuses.

But this year has been exceptional, from Beijing's security point of view, because of paramount leader Deng Xiaoping's failing health and renewed pressure from the United States over human rights and other issues.

Beijing obviously has a long way to go in learning how to deal with dissent in a more sophisticated, more tolerant manner. Pressure from outside China is not going to help; it is more likely to do the reverse, making the Beijing authorities more intolerant and rougher in its handling of dissent. Some of the reasons may be found in the history of Western interference and bullying of China at the turn of the century.

Notwithstanding that, China has to come to terms with the changes going on across the globe if it is to take its place among the leading nations, if not as the leading nation of the 21st century.

It cannot do so until the events of 1989 have been re-evaluated. It may be a while yet before any Chinese leader can even begin to suggest this. But it will have to be done if the ghosts of 1989 are to be laid for good. Such a reversal would not be unusual. Mr Deng's final reemergence led to a reappraisal of the 5 April 1976 demonstrations which also saw the military in action on Tiananmen Square; it is now a largely forgotten incident.

Until such a reversal, there will continue to be anguish, petitions and detentions. Hopefully, this will be on a diminishing scale. Time will heal the wounds.

But the memories will linger on. It may be that these memories will act to check future temptations to act in so ruthless a manner. If that be so, some good would have come out of June 4, 1989.

Patten Views Hong Kong's Future

MS0506154295 London BBC Television Network
in English 0600 GMT 5 Jun 95

[Interview with Chris Patten, governor of Hong Kong, by Fergal Keane in Hong Kong; date not given; from the "Breakfast News" program]

[FBIS Transcribed Text] Fergal Keane met Mr Patten and asked first if the people there really want democracy.

[Begin recording] [Patten] If you stand up for principles in your negotiations that will occasionally involve having an argument, but what are those critics suggesting? [sentence as heard] Are they suggesting that on the international stage it's only the Chinese who could ever have a principle — its only the Chinese who can ever have a position of strength in the negotiations? I don't think that's a very sensible way of dealing with China or anyone else for that matter, there is a word for it and it's not a very appropriate word for diplomacy.

[Keane] But isn't it going to be a little bit like Stalin's constitution promising to respect human rights while thousands of people were galloped off to the gulags, isn't the same thing going to happen here — in other words the guarantees you have been given wont be worth the paper they are written on?

[Patten] No I don't believe that. But what would make things more dangerous for the future would be if before 1997 we were to connive of things which we knew to be wrong just in order to avoid an argument. What sort of place in history would that assign the United Kingdom, this is a huge responsibility for us, Hong Kong is a terrific success story, six million people here have an economy which is worth 26 percent of China's GDP and is a great success for them, and it is a good success for British administration as well, and I think we would be severely criticized if we did things now which were dishonorable just in order to avoid just occasionally having to stand up for Hong Kong in talking to China.

[Keane] In practical terms what could you do, what could the British government do if after '97 the Chinese authorities were to do as they eroding in Beijing at the moment and throw people like Martin Lee into jail, what could you do?

[Patten] I don't believe they will do that, I don't believe they will do that because there is a huge financial stake for China in Hong Kong, and there is a huge amount of face for China in Hong Kong in keeping agreements that China has put it's name to. But if China were to behave like that, and I don't believe China would, there would I am sure be not just British outrage of what was happening but huge international outrage at

what is happening. But I repeat I don't think that will happen, and I do believe that Hong Kong represents the future, the future in this part of Asia, the future in Asia generally.

[Keane] The Chinese envoy won't meet you, if you could sit down with him now what would you say?

[Patten] I would say to him look at how successful Hong Kong is, what is there to fear in Hong Kong, Hong Kong is a 98 per cent Chinese city, the people in Hong Kong want the transition to Chinese sovereignty to be a success, why not trust them, if you trust them you are more likely to win their hearts and minds than you are managing to do at the moment.

[Keane] Much of what happens here will be contingent on political developments in China. At the moment the situation there is unclear — there is a potential for great instability. If you see a situation where the political system in China breaks down into feuding war lords or component parts of the Communist party, will you hand Hong Kong back?

[Patten] I don't know of anybody who seriously believes that chaos in China is going to be a factor in Hong Kong's history over the next couple of years, and I repeat my own conviction that while China will face difficulties and problems in the next few years, it's not going to split apart as the Soviet Union did. I think it's going to be a successful economy and society in the future and it's more likely to be successful if the leadership in China learnt to trust Hong Kong.

[Keane] Governor thank you very much. [end recording]

PRC Attack on Dissident Concerns Colleagues

HK0606083995 Hong Kong EASTERN EXPRESS
in English 5 Jun 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] Beijing's direct attack on a dissident who escaped to Hong Kong two years ago has sent tremors through the pro-democracy movement in both the mainland and the territory.

Questions are being asked about how Beijing knew Lu Siqing was in the territory, and whether his safety is at risk.

At the weekend the New China News Agency (Xinhua) took the unprecedented step of naming Lu, a student leader in Hunan province, as someone who "fled to Hong Kong to engage in anti-China activities" after the June 4 massacre.

Beijing insists that Hong Kong not be used as a base for what it considers subversive activities against China.

"The purpose of Lu Siqing and his like is to create disturbances," Xinhua asserted.

It added that the aims of foreign media which broadcast a statement he issued last week were "very obvious", but did not explain further.

The Xinhua report was issued in English only, an apparent signal to the mainland media that it was for foreign consumption only.

Lu was identified in several foreign media reports last week as a Beijing University student who had issued a statement calling for the release of 1989 leader Wang Dan, who was detained two weeks ago after signing some petitions.

Xinhua accused Lu of "stealing" a Beijing University letterhead to issue the statement. Friends contend that Lu signed the statement to protect the organisers at Beijing University.

The news agency said Lu had fled to Hong Kong in 1990 after being expelled from Central-South Industrial University for "participating in plotting and organising the turmoil" the previous year.

While noting that Lu only arrived in 1993, friends expressed surprise that Beijing knew about his presence at all.

"He has kept a very low profile, in order to avoid Beijing's glare," one colleague said. "This has made us all more concerned about our safety."

Lu, 31, was a standing committee member of the Hunan students autonomous federation during the 1989 protests, and is understood to be seeking political asylum in a third country.

Editorial Views Vietnamese Boat People Issue

*HK0606084495 Hong Kong HONGKONG
STANDARD in English 5 Jun p 14*

[Editorial: "Slow Boat Taking Too Long To Leave"]

[FBIS Transcribed Text] There are some problems in our community that are so severe they warrant immediate and drastic action. And if there is one predicament that cannot be left on the backburner it is the interminable issue of the Vietnamese boat people.

As of today, it seems, the authorities do not know how to think or what to do about the boat people morass. The policies of our leaders are incoherent and sometimes contradictory.

In a moment of exasperation, Legislative Councillor Martin Lee once complained that one particular government department moved so slowly on a certain project that "there would have been time to produce four baby

elephants". That record for procrastination was surpassed long ago by those responsible for clearing our boat people camps.

To be fair, the lengthy delays in the repatriation of these unwanted guests have more often than not resulted from setbacks due to external factors.

Now there has been another hitch, which will retard the repatriation program yet again.

The United Nations High Commissioner for Refugees (UNHCR) has agreed to re-screen thousands of boat people in the region amid threats from the United States Congress to suspend a US\$25 million (HK\$195 million) fund for the Vietnamese camps.

The UNHCR's compromise offer is expected to further discourage more than 21,000 boat people in Hong Kong from volunteering to return to Vietnam.

The U.S. House of Representatives believes thousands of the remaining 40,000 boat people in the region have been denied refugee status because they were victims of corruption and unfairly treated by officials involved in the screening procedure.

Human rights groups take issue with the UNHCR's assertion that it has not been able to find a single instance in which returning boat people have been persecuted by the Hanoi authorities.

They claim some returnees have been jailed, interrogated about anti-communist political activities in the camps and victimised in other ways, including discrimination in employment and housing.

We are sure the people who make these claims are committed humanitarians. But the Vietnamese boat people problem is not only a humanitarian issue, it is a highly emotive one.

In Hong Kong, the difficulty of caring for these uninvited guests has been complicated by domestic U.S., Vietnamese and British politics.

We commented on 2 June that as predicted, the action of a number of irresponsible U.S. politicians had thrown a spanner into Hong Kong's orderly repatriation program.

The previous day, a group of Vietnamese boat people decided at the last minute not to fly home, hoping a bill to be debated by the U.S. Congress would allow them to be resettled in the U.S.

It is highly unlikely this will happen. But each new political ploy in Washington results in another setback to our plans to clear these camps by the middle of next year.

Territory residents feel, with plenty of justification, that they have carried much more than their share of the boat people burden for far too many years.

How much longer must this go on?

Police 'Largely Ignore' Illegal Border Traffic
HK0606082895 Hong Kong EASTERN EXPRESS
in English 5 Jun p 6

[By Philip Manns]

[FBIS Transcribed Text] The claim that Hong Kong's international borders leak like a sieve is inaccurate. A month-long Eastern Express investigation has found that a sieve could probably contain more of the busy illegal cross-border traffic than do the current controls.

Throughout the territory thousands of residents are regularly travelling to China and back, bypassing the inconvenience of police, immigration and customs checks in both Hong Kong and the mainland.

And overstretched security forces, policing some of the busiest waters in the world, say they are unable to check the booming traffic.

The traffic has been boosted by a flourishing Chinese vice trade, luring Hong Kong punters with the promise of cheap, beautiful prostitutes and a total lack of formalities in the mainland.

But the crowds of sex-hungry hopefuls camouflage more sinister industries — firearms dealers, drug traffickers and "snakeheads", the illegal immigrant smugglers.

In this unlikely pocket of rampant capitalism everything has a price. It is a journey anyone can make, only the cost is negotiable.

Eastern Express has made four illegal trips to China in the past month, each time unchallenged by authorities in the waters of either the mainland or Hong Kong.

Police boats from both sides stand on constant alert along the border but, for their own reasons, largely ignore the high-speed crossings by multi-engined speedboats.

Hong Kong security forces say they cannot afford to be tied up dealing with brothel clients and small-time smugglers. They prefer to wait for the big fish, the larger vessels carrying batches of illegal aliens, big drug cargoes and other contraband.

"These are very fast boats we are talking about," one officer responsible for patrolling the border waters said.

"Even if we want to stop them it can be very difficult because they can out-run us and get away in Hong Kong or over the border into China.

"And if we do stop them we might miss something more important like a boat full of IIs or drug traffickers. They could use a speedboat as a decoy or it could just be coincidence, but overall they are just not worth our time."

An Immigration Department source agreed little was done to police the illegal border crossings, but said it was "almost impossible" to prosecute offenders.

"How can we prove some one has been to China? It's just some guys riding around in a speedboat — there is no evidence."

The maximum penalty for bypassing official immigration channels in Hong Kong is \$20,000,

For the Chinese, it is complicity with the trade that justifies their hands-off approach.

The mainland authority responsible for policing the waters around Hong Kong — the border control unit of the Public Security Bureau — rakes in huge profits through control of the vice trade, via its company, Beautiful Meetings Tourism Development Company.

Security officers also milk the vice trade for personal commissions, outside what is already paid to the company, by demanding pay-offs from the brothel operators, the girls (most of whom do not have the necessary permit to live or work in the special economic zone) and by shaking down Hong Kong visitors at whim.

The centres for the trade are the Chinese islands of Ling Ding and Gwai Shan, each just 15 minutes by speedboat from Cheung Chau and Lantau. The islands are also easily accessible by illegal scheduled ferries from Aberdeen.

Every weekend, both islands are packed with Hong Kong men paying as little as \$100 for sex with prostitutes, most of them from northern China.

Hong Kong residents have also invested in the vice trade there, buying up karaoke bars, restaurants and building apartment blocks to house the rapidly increasing number of prostitutes.

But some investors have run foul of the more established vice operators, sparking violent disputes.

Only two weeks ago a Hong Kong man was reportedly hacked to death in Ling Ding, apparently for muscling in on another party's vice business.

"Officially you aren't there, so if you get killed it hasn't really happened as far as everyone else is concerned," one regular visitor to the island said.

In both places and the nearby Hong Kong islands, evidence of the scale of the illegal traffic is apparent.

Speedboats sporting two, four or even six V6 engines are always on standby, ready to whisk customers from island to island.

Such horsepower is not just for show and is far too powerful for even the most expert of water-skiers. These boats are built to out-run any vessel the authorities have on either side of the border.

Smuggling is also big business on these illegal routes, as it is from Lantau or from piers around Tuen Mun. Zhuhai province on the mainland holds much magic.

On the islands and at Zhuhai, firearms, ammunition and fireworks are readily available and at a fraction of the price of the black-market cost in Hong Kong. An arms dealer in Gwai Shan keeps an entire house as a weapons showroom with handguns and assault rifles lining the walls. With a day or two's notice, he says, he can also acquire other military weapons.

Hong Kong fishermen and other boat owners regularly visit the islands to buy cheap goods.

Cigarettes are another popular purchase for both smugglers and the brothel clients. If you don't pass through customs checks there is no limit on what you can take back to Hong Kong.

When Eastern Express raised the issue of illegal travel to the islands several weeks ago, Hong Kong authorities vowed to crack down on the route. No travellers along the routes have been arrested since.

Zhuhai Public Security Unit Operates Vice Ring
HK0606082795 Hong Kong EASTERN EXPRESS
in English 5 Jun 95 p 1

[By Philip Manns]

[FBIS Transcribed Text] A unit of the Zhuhai Public Security Bureau (PSB) is running a large vice ring catering for Hong Kong clients, an Eastern Express investigation has found.

The border patrol division, through its Zhuhai-registered company, Beautiful Meetings Tourism Development Company, has established several illegal points of entry to the mainland and is taking informal "visa fees" from visitors from the territory, as well as commissions from thousands of prostitutes servicing affluent Hong Kong clients.

On the islands of Gwai Shan and Ling Ding, several kilometres off southern Lantau, PSB officers man makeshift "immigration" huts charging visitors \$25 for a one-day "permit".

Visitors do not require formal visas or even passports, instead registering their Hong Kong identity card numbers on arrival to ensure they depart the island that day.

The company also owns several upmarket villas which serve as brothels on Ling Ding.

A PSB officer on the island confirmed that the company was owned by the border patrol unit and said authorisation for any new business must be sought from his superior officer in Gwai Shan.

Visitors from Hong Kong usually charter speedboats from the outlying islands of Cheung Chau and Lantau, or board bigger vessels making regular trips from Aberdeen, usually on Saturday evenings.

Foreign Passport No Guarantee of Protection
HK0606083395 Hong Kong SOUTH CHINA
MORNING POST in English 6 Jun 95 p 2

[By Scott McKenzie]

[FBIS Transcribed Text] Foreign passport holders are being warned that just having a non-Chinese passport may not be enough for them to be recognised as a foreign national and get full consular protection after 1997.

Hong Kong people who hold Canadian passports are being told that whether they are treated as Chinese nationals after the change to Chinese sovereignty revolved around the question "Where is your home?".

And government officials warn that the price of a home in Canada, and consular protection, will be worldwide taxation at Canada's high tax rates.

An article to be published in the July/August edition of the Canadian Chamber of Commerce magazine, Canada Hong Kong Business, comments on the importance of establishing an overseas domicile as opposed to "just having a foreign passport".

"Chinese nationals who have acquired a foreign passport while living in Hong Kong will have problems simply because that other nationality will not be recognised," the article said.

Hong Kong University constitutional law expert Dr Nihal Jayawickrama told the chamber publication that ethnic Chinese in Hong Kong would automatically become Chinese nationals at midnight on June 30, 1997.

"Basically, the position is that if a Hong Kong Chinese person has acquired foreign nationality and been physically domiciled abroad, he might have lost Chinese nationality...it's a question of fact for the authorities to determine," Dr Jayawickrama said.

Canadian diplomats say such concerns are lowering the "comfort levels" of many Hong Kong-Chinese with Canadian passports.

"Uncertainty over what status people will have even if they have foreign passports is increasingly becoming an issue," one diplomat said.

Commenting on the concerns, a Hong Kong government official acknowledged that the decision to have a home overseas for foreign passport holders was now a priority with only two years left until the handover.

"If to be treated as a foreign national with all the consular protection that brings you need a home in the country of your passport and for many people, especially those on Canadian passports, that means paying income tax twice." [sentence as published]

Canadian tax laws are such that it becomes necessary to pay tax on earnings elsewhere in the world if a solid link with Canada can be established by tax authorities. Such a link would be home ownership.

Many Hong Kong businessmen continue to work in Hong Kong despite holding Canadian passports. They plan to leave for Canada if things become difficult after the change of sovereignty.

However, the Hong Kong government official, who was supported privately by Canadian diplomats, said people may have to bear the double tax burden of paying tax in Canada as well as Hong Kong if they did not wish to be treated as Chinese nationals after 1997.

On the strength of such concerns, the Canadian Commission in Hong Kong has advised Hong Kong Canadian passport holders to enter Hong Kong on their Canadian passports rather than their Hong Kong identity cards. [sentence as published]

The Commission has publicly said residency issues would probably not affect Canada's trade and investment.

China does not recognise dual nationality and has stated that permanent residents with foreign passports will continue to have right of abode if they are in the territory at the time of the handover.

Those with foreign passports who return after 1997 will be required to spend seven years in Hong Kong to be given permanent resident status.

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